

Anti-Arab 'White Hand' busy in France
— Page 4

Teachers to strike over 'low salaries'

By BERNARD JOSEPHS and LEA LEVAVI
Jerusalem Post Reporters

Thousands of pupils will miss school today as striking teachers throw down the gauntlet to the Treasury over what their leaders describe as "pathetic" salaries.

All first-grade and 12th-grade classes are cancelled. One union chief warned the one-day stoppage could lead to a prolonged struggle.

As they prepared for action last night the teachers received sympathy from Education Minister Navon, who said, "Their salaries are ridiculously low and they deserve a raise. We give into the hands of teachers the most precious treasure we have — our children. If we want good teachers we have to pay them more."

Today's strike follows a stalemate in the three-month pay talks between the two teachers' unions and the Treasury. The teachers are seeking compensation for wage erosion over the past four years which they say has seen them lag behind the engineers, with whom their salaries are traditionally linked.

Treasury negotiators have told them that there is not enough money to meet their demands and that, as increments are calculated differently in the two professions, there is not enough information to calculate if any erosion has occurred.

Yitzhak Welber, head of the Histadrut Teachers Union, said his members were "very angry" over the stalling of the negotiations. "A teacher with a bachelor's degree and 14 years experience gets a gross monthly salary of around NIS 950. How can you expect him to carry on like this?" he asked.

"The percentage increases suggested to us in the pay talks are ridiculous. All we are asking for is an honorable salary. We don't want this strike, and we hope it's the last one we have."

Shoshana Bayer, secretary of the Secondary School Teachers' Association, said pay is so bad that hundreds of teachers had quit the profession in recent years.

"We warned everyone that Treasury claims that they don't have enough money were not acceptable. They have a duty to make up for the fact that, compared with other academic professions, our earnings have dropped by 2 per cent."

Bayer warned that plans are under way for "further steps" if the dispute is not settled by the end of Hanukkah.

Meanwhile, university lecturers who have cut lessons in the fight for more money said they were stepping up their sanctions. From this week lectures will be given after 3 p.m.

The academics say that they agreed with the heads of the universities that they should receive salary increases of 9.5 per cent. But because the Treasury would not agree, the universities are unable to pay the extra cash.

Shabbat generators preferred to 'Jewish current'

By HAIM SHAPIRO

The switchover of Jewish neighborhoods across the Green Line from the Arab-operated Jerusalem District Electric Company to the Israel Electric Corporation last week sparked a buying spree of generators and storage batteries among ultra-Orthodox residents of those neighborhoods who refuse to use electricity produced by Jews on Shabbat.

Many Orthodox Jews, especially Hassidim, will use Jewish-produced electricity on Shabbat, in accordance with a ruling by the Hazon Ish that the electric company must in any case continue functioning to serve hospitals and other essential services. But followers of other Lithuanian sages, such as Rabbi Eliezer Schach of Bnei Brak, do not accept this ruling.

Army will probe vandalism charge against Border Police

By JOEL GREENBERG

BALATA — A trail of vandalism could be seen yesterday in several houses and on cars in the Balata refugee camp following Friday's clashes between local residents and Border Police in which three Palestinians were killed. Residents said the smashed windows, mirrors and glass utensils, the shattered windshields and the bruises on their bodies were the work of Druse Border Police who entered their homes looking for suspects.

Senior military sources termed the allegations "serious" and said they were being investigated.

Near a home in the camp, two parked cars had gaping holes where their windows had been. The front and back seats were littered with glass fragments. The cars' owners said Border Police had smashed the glass with rocks.

Umm Mahmud welcomed visitors to her house despite the curfew. She pointed to a bruise on her face and the smashed windows in her living room and in the bedrooms.

"They banged on the doors, looking for youngsters," she said. "We were afraid to open, because they could shoot. They broke the windows and lobbed tear-gas grenades inside. All we could do was open another window."

"I tried to block their entry, but they shoved a rifle barrel against my jaw and later beat me. They shout insults at us, curse us, pull at women's clothes, bang heads against walls. When men go to work, they stop them and beat them before sending them on their way."

At the home of Mahmud Abu Nakiyah, almost every windowpane, including those on inner windows, was broken. The glass on a framed picture of the Koran was smashed. Abu Nakiyah exhibited a fresh scar on his shoulder and took out a broken radio which he said had been smashed by a Border Policeman's club.

In a bedroom was a broken mirror and its frame. In another room was a plastic tub overflowing with smashed objects which had lined the shelves of a showcase whose mirror was also broken. The tub was full of broken glass pitchers and glasses, smashed ceramic coffee cups and china, and two broken wall-clocks. Near the bucket was a shattered window frame.

"There were more than 12 soldiers, and they were here for about 20 minutes," said the Abu Nakiyahs.

The matriarch of the family, Amina Abdullah Kashta, 70, sat on the floor and said: "We opened the door, and they came in and began beating people. Three of them took me aside, one showed his gun at me and called me a whore. I told him, 'How can you say that to an old woman?' He cocked his rifle, and later hit me over the head. How can a government do such a thing? I should go to the Knesset."

Just outside Balata, a man stood with his five-year-old son, Omar Atyeh, whose head was bandaged. "They beat him for no reason," he maintained.

"We haven't seen anything like this in 20 years," said one woman. "We just want them to get out and leave us alone."



Khan Yunis, in the Gaza Strip, yesterday.

(AFP)

Rioting goes on, but fewer clashes; 16 hurt

By BRADLEY BURSTON and JOEL GREENBERG

KHAN YUNIS — Rioting continued yesterday in the Gaza Strip, despite an IDF show of force said to have been among the most massive in recent years. Fewer clashes were reported in the West Bank.

Disturbances in the southern Gaza Strip began before dawn, as youths erected barricades at scores of intersections between here and neighboring Rafiah.

Large numbers of troops were rushed to the area, firing tear-gas grenades and bursts of rifle fire into the air to disperse crowds. Unlike previous confrontations, however, adults and even elderly residents of the Khan Yunis and Rafiah refugee camps joined in the unrest.

Three soldiers, an Israeli civilian and at least 12 Palestinians were among the injured in Gaza.

After two soldiers and a Border Policeman were taken to Ashkelon's Barzilai Hospital for treatment of injuries suffered as a result of rioting, troops fired on advancing demonstrators, wounding two elderly women and eight youths, three of the latter critically.

In some areas, stone-throwing crowds attacked vehicles with grey Gaza licence plates as well as cars bearing Israeli plates.

The civilian who was injured was a member of an Israeli film crew.

Security sources maintained that the attacks on local cars were a PLO-inspired effort to enforce a wide-spread commercial strike.

The dawn riots, touched off by rumours that a Khan Yunis boy shot in the head by soldiers last week was allowed to die in an Israeli hospital (see story, page 2), led to a commercial strike that spread to include most of the 60,000 workers who commute daily to jobs in Israel. Lawyers, engineers, and other professionals joined merchants in the strike.

(Continued on Page 2, Col. 3)

Shamir and IDF dismiss talk of 'rebellion' in territories

By ASHER WALLFISH
Jerusalem Post Reporter

As unrest in the territories continued into its fifth successive day yesterday — with six soldiers, one Israeli civilian and 13 Palestinians hurt — Prime Minister Shamir dismissed talk of revolt in the territories.

The cabinet accepted the thesis of military and civilian security experts that although the unrest in Judea, Samaria and Gaza represented "a peak" in disturbances, it was far from constituting the "uprising" which some of the media had labelled it.

Summing up an hour-long discussion on the unrest, Shamir rejected the suggestion, heard in some news reports, that the IDF was "losing control of the situation." Shamir opened and closed the cabinet discussion in place of Defence Minister Rabin, who is in the U.S.

Senior military sources said they did not see "even the beginning" of a rebellion in the territories, but rather a rash of events centred on various locations and instigated by a minority. The population of the territories was not taking to the streets, though this eventuality is a source of concern, the sources said.

They added that the army had beefed up its forces in the territories by some 50 per cent. Shamir said in his summing-up at the cabinet meeting that the terrorist organizations had failed to harm Israel's security in their attacks, and hence they resorted to inciting rioters and demonstrators.

The premier said: "Most of the Arab population in the areas is anxious to see public order preserved, but they are intimidated and terrorized by a tiny majority. The IDF will continue to battle against terror effectively, and will remain in control of the situation. In contrast to extremely exaggerated descriptions of

the situation, the IDF and the other security bodies will continue to take the necessary measures to ensure public order and to protect the welfare of the population."

The cabinet heard experts, including coordinator of activities in the territories Shmuel Goren, cite information that the unrest in the areas was not being directed by the headquarters of the terror organizations. The cabinet was told that in previous years, tension generally built up to a peak at the end of November because of the anniversary

See also pages 2 & 4.

ry of the UN vote for Jewish statehood in 1947, and again towards the end of December because of "Fatah Day," which the Palestinians mark on January 1.

There was an escalation due to a number of such factors, the cabinet was told, including a debate at the UN, and the road crash in the Gaza Strip which left four Arabs dead and which rumour attributed falsely to an act of Jewish retaliation. The East Jerusalem newspaper *Al-Fajr* had reported this rumour as a fact, ministers were told, and was hence shut down.

Uprising is not the right term for the situation, the ministers were told, since the population in the areas has not cut itself off from the Israeli administration as such. Goods and people are still crossing the Jordan River bridges normally in both directions, and the administration sees no reason to interfere.

Two ministers in particular called for stiffer measures to stamp out the violence in the areas: Industry and Trade Minister Ariel Sharon and Minister-without-Portfolio Yitzhak Moda'i.

Sharon said his experience in the Gaza Strip when he was OC south-

(Continued on Page 2, Col. 7)

Likud and Labour both blast Nissim budget

By AVI TEMKIN
Post Economic Reporter

Both Likud and Labour ministers criticized Finance Minister Nissim's proposed state budget for the next fiscal year during yesterday's cabinet meeting. Of the six ministers who spoke, only Minister without Portfolio Yigael Hurvitz supported the proposal. Industry and Trade Minister Ariel Sharon (Likud) and Energy Minister Moshe Shahal (Labour) led the attacks on it.

Sharon said that he would not back the budget unless "major changes" were made. Nothing in the proposal encouraged exports, research and development, he said.

Shahal spoke against the proposed imposition of user-charges in the health system and the reinstatement of progressive tuition fees in high schools. His statement expressed the views of Labour's ministers, who met before the cabinet convened and decided to oppose the cuts in education and health.

Shahal told the meeting that to prevent a rise in the state budget, it would be necessary to raise purchase taxes on luxury goods. He is the second minister to propose raising taxes instead of slashing budgets. Health Minister Shoshana Arbeli-Almoshino has suggested raising maximum income tax rates from 48 per cent to 50 per cent.

Labour Minister Moshe Katsav opposed the proposal to continue for another year the tax on child allowances.

Tourism Minister Avraham Shafir and Police Minister Haim Bar-Lev spoke against the budgets proposed for their ministries.

In a related development, the Histadrut Central Committee rejected a request by Nissim that the labour federation agree to higher prices for subsidized basic commodities before April. Early this year, the Histadrut and the Treasury signed an accord ruling out such in-

(Continued on Page Seven)

Pesticide kills Golan gazelles

By LISA PERLMAN

A pesticide that can kill if ingested has been identified in the carcasses of a number of animals found by Nature Reserves Authority teams in the last week.

The pesticide, fluorocetamide, remains in the bloodstream without breaking down and can be lethal to a person or animal that consumes it, whether directly or by eating the flesh of a contaminated animal.

The carcasses of six gazelles were found near Kibbutz Gshur in the Golan Heights, while two rare eagles were found dead at Kibbutz Beit Guvrin near Kiryat Gat.

Wheat grains that carried traces of fluorocetamide, used by farmers predominantly against rodents, were detected.

Last week's finds led to a decision by the Agriculture Ministry, the NRA and the veterinarians' association to ban fluorocetamide until

Bank Leumi board locks out workers

By PINHAS LANDAU
Post Finance Reporter

In a shock move, Bank Leumi's board of directors last night ordered the management to shut the bank from this morning. The decision came in response to two days of wildcat strikes called by workers committee heads that shut branches on Thursday and Sunday afternoons.

Management is due to announce this morning emergency arrange-

ments to cater for customers' immediate needs.

In a statement issued after a meeting that lasted several hours, Leumi's board said that it felt unable to take responsibility for the bank's smooth operation. After a thorough discussion, the board had instructed the management not to open the branches this morning and to keep them shut until the staff representatives and the trade union had given

firm commitments to refrain from sanctions and work stoppages that were illegal as well as breaching work agreements.

The board expressed its regret over the inconvenience caused to customers and promised to do all it could to minimize it. It explained that the sanctions had already harmed customers on Thursday and Sunday afternoons and the bank had "been left with no alternative."

Iran and Gulf states clash on output ceiling

Test of wills hampers Opec agreement

VIENNA (Reuters) — An Opec pact to defend its \$18 a barrel oil price next year ran into trouble yesterday because of a test of wills between the group's Arab Gulf states and Iran, which wants higher prices, delegates said.

They said a compromise on next year's pricing and output which delegates expected to be rubber-stamped last night was being renegotiated because of differing views between the Iranian and Saudi Arabian-led blocs. Iran, with backing from Algeria and Libya, was insist-

ing that the group cut its output ceiling in the first few months of next year to take excess crude off the market and keep prices firm at a time when demand usually falls.

World oil prices have fallen to eight-month lows in recent weeks because Opec is pumping more than the 16.6 million barrels per day limit it set itself for this year.

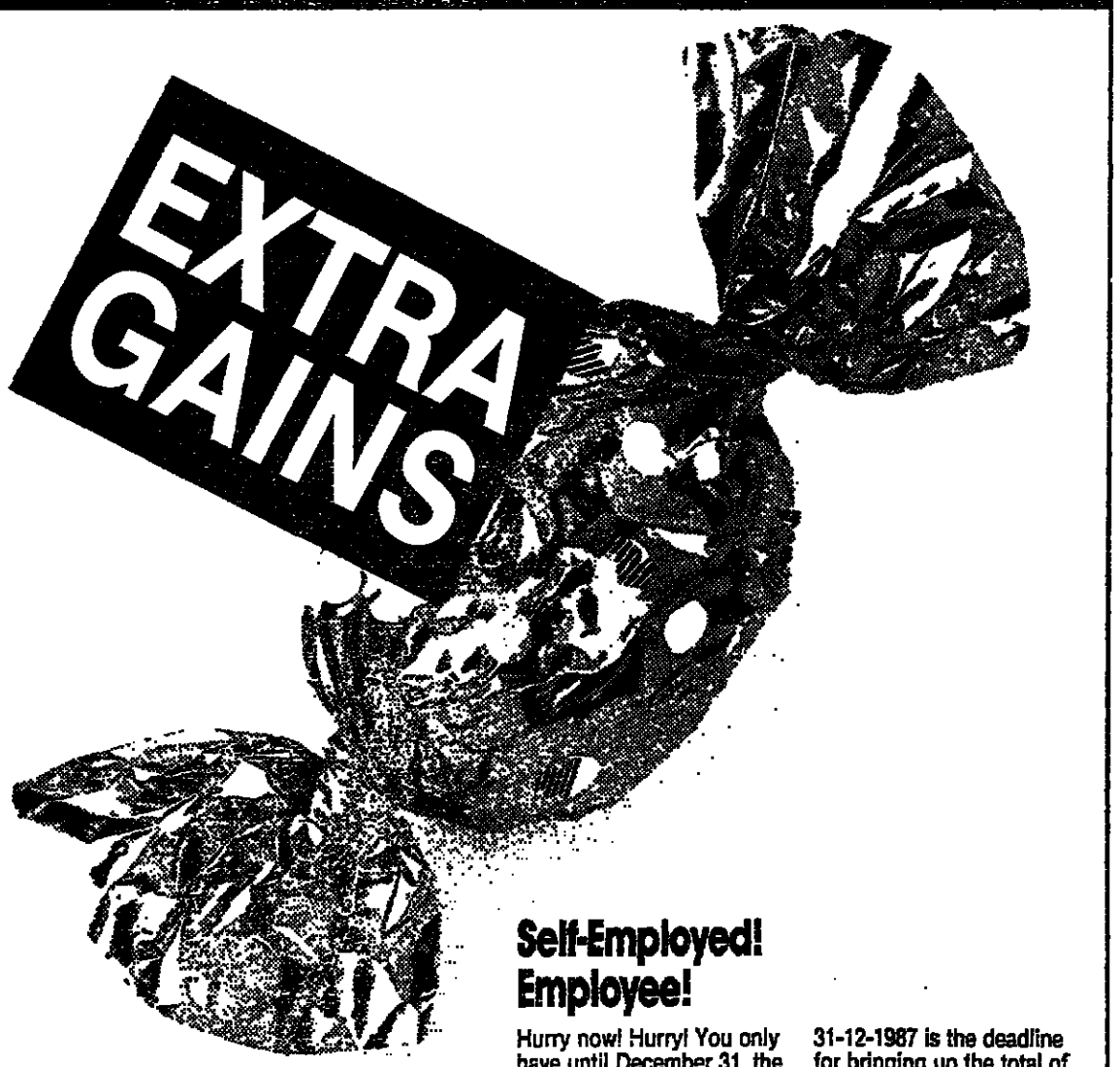
They could fall even lower, if the group failed to reach agreement, delegates said, and ministers were holding intensive bilateral talks to try to avert a breakdown.

They said Iran wanted to set an effective output ceiling for the first quarter of next year of about 15.8 million barrels per day (bpd). This would be a big cut in output.

It is the same ceiling Opec set in the first half of last year to reverse an oil price collapse, when crude fell from \$30 a barrel to nine because of huge Opec overproduction.

Delegates said the Iranian proposal and Gulf opposition appeared to show that the two blocs were again wrestling for control of Opec and the world oil price.

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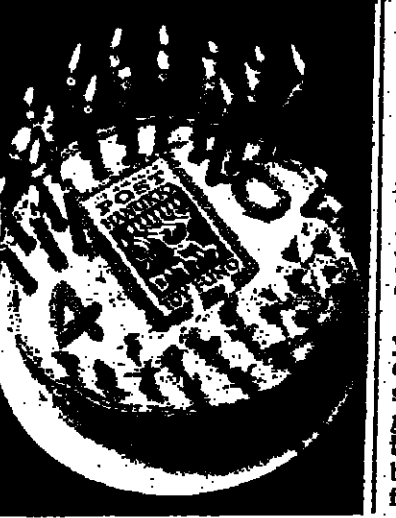
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Disagreement over austerity measures

Romanian party chiefs meet on how to end growing unrest

VIENNA (Reuters) — Romania's Communist party meets today amid reports of growing civil unrest over chronic food and energy shortages and signs of disagreement within the leadership over what to do about it.

President Nicolae Ceausescu, who for 22 years has led one of the most tightly-controlled governments in the Soviet bloc, is expected to reaffirm his commitment to a drastic austerity policy geared to repaying Romania's foreign debt.

The policy, exacerbated by crop failures and distribution mismanagement, has led to shortages of basic foods and drastic cuts in domestic electricity and heating as the government concentrates the country's resources on exports.

Resentment against the shortages, and over working conditions in factories, spilled over into street protests in the central city of Brasov last month. There have been reports of outbreaks elsewhere in the country.

Romanian sources in Timisoara, in Western Romania, confirmed reports that a demonstration had taken place there in early December, but declined to give details over the telephone.

Western diplomats in Bucharest

reported an arson attack on a prominent statue of Lenin in the city outside the headquarters of Romania's official media around a week ago.

According to the official Romanian news agency Agerpres, the three-day national party conference will debate three documents approved by the central committee yesterday.

The first covers such areas as production forces, worker democracy, enterprise self-management and self-financing, the second contains plans for increasing efficiency, and the third discusses improvement of living standards.

Ceausescu indicated he was determined to crack down on outbreaks of dissent when he announced that the leaders of the Brasov protest and the managers of the factory where they worked had been sacked and faced criminal prosecution.

But in what was seen as a policy change, the party politburo approved on Friday a plan to grant Romanian workers pay bonuses by the end of the year for their enterprise "profit-sharing fund."

Workers' pay was linked to fulfilment of plan targets under a scheme introduced two years ago but there was no profit pay-out in 1986. Nor

has there been any indication from official statistics and statements that production figures have been met this year.

The announcement of the bonuses came as a surprise to Western diplomats in Bucharest, but they did not see it as signalling a major change in the government's crash programme to pay off its debts. "You fill the holes where they appear," commented one diplomat reached by telephone from Vienna.

In Paris, an exile group said yesterday that Romanian police have arrested two dissidents and one of their sons in an effort to silence criticism of Ceausescu.

The League for the Defence of Human Rights in Romania said Doina Cornea, a former lecturer in French at Cluj-Napoca University, was seized at her home about three weeks ago and had not been heard of since.

The arrests follow an interview given by Cornea to France's Antenne 2 television network in which she condemned the "systematic disappearance" of government critics.

Another dissident interviewed by Antenne 2, Radu Filipescu, was arrested on Saturday in Bucharest, a spokesman for the exile group said.



Friends of the 60 children killed in the bus-train collision in Egypt at the weekend gather round a mass grave dug in preparation for the burial of those victims who cannot be identified. (AFP)

Socialist election gains threaten Belgian premier

BRUSSELS (AFP) — Early estimates in yesterday's Belgian general elections indicated substantial gains for the opposition Socialist parties, making them the largest political group in parliament, and losses for Prime Minister Wilfried Martens' Christian Socialists.

The outgoing coalition would lose its majority in parliament if the trend was confirmed.

The Francophone branch of the Socialist party that had 35 members in the outgoing parliament gained three to six seats, estimates by the Interior Ministry published by the state-owned RTBF radio-television said, while the Flemish-speaking Socialists (32 seats) won two more seats.

Early estimates showed losses of six seats for the Christian Socialist party (49 seats), one of two parties in the ruling coalition, while its Francophone Christian Socialist counterpart remained stable.

The Francophone Liberals, junior partners in the outgoing centre-right coalition, suffered slight losses while the Flemish-speaking Liberal party gained two to three seats, according to the estimates.

Martens resigned in October after heading the Social-Christian-Liberal coalition for six years.

The prime minister's resignation was provoked by a split in his Christian-Socialist party along linguistic lines.

Final election results are expected to be announced early today. Martens, 51, called the elections October 19, the day his coalition of Christian Democrats and Conservatives, each split into Dutch and French-speaking parties, collapsed in a linguistic dispute.

Pre-election polls predicted his four-party coalition, the seventh Martens has headed since 1979, would lose its majority. In the last elections, in 1985, the coalition got 50.2 per cent of the vote, winning 115 of the 212 legislative seats, a gain of two over the 1981 elections. The Socialists got 28.4 per cent of the vote, or 67 seats, in 1985.

Whatever likely coalition eventually emerges from the voting, talks to form a new government, Belgium's 35th since World War II, will be difficult as the next parliament will be able to make sweeping changes in the constitution.

IN BRIEF

ENRIQUE JORRIN, considered the father of the cha-cha, died at his Havana home on Saturday at the age of 61. He was a self-taught violinist whose career in music peaked in the 1950s, in pre-revolutionary Cuba, when he is said to have invented the rhythmic ballroom dance that became known as the cha-cha.

THIRTY FIVE people were killed, 11 injured and nine reported missing in a gas explosion on Wednesday at a coal mine in Anhui province, eastern China, the *People's Daily* said yesterday. Investigators had not yet established the cause of the explosion, which it said occurred when 78 miners were working in the mine. Rescue work had been broken off, it said without giving more details.

AN ITALIAN actor refused to complete the final death scene in a performance of Shakespeare's "Macbeth" after a snoring spectator elicited laughter from the audience, Italian newspapers reported on Saturday. Gabriele Lavia, who directed and played Macbeth in the highly praised production, interrupted the death scene of Lady Macbeth in the final hour of the play, turned to the audience in anger and left the stage.

Israel and EC end squabble on areas exports

BRUSSELS (Reuters) — Israel and the European Community ended months of wrangling to reach an agreement Friday on direct exports from the West Bank and Gaza Strip — a move that will clear the way for a new agricultural accord between Israel and the EC.

An EC spokesman said that under the agreement farm products from the territories will no longer have to be sold through official Israeli marketing bodies, such as Agrexco and the Citrus Marketing Board, as Israel had sought. They will be labelled with their town of origin and certified by the Chambers of Commerce of the West Bank and Gaza.

Although the agreement will now allow the EC to confirm the agricultural-trade protocols with Israel, a spokesman for the trade block said that was now unlikely to occur before next year. They must still be approved by the EC ambassadors and the European Parliament. As a result, Israeli farmers, particularly in the flower-growing sector, will not benefit from lower tariffs during the lucrative Christmas season.

The link between the Israel-EC agricultural-trade protocols and the matter of Palestinian exports was unofficial, but Britain and Greece have until now refused to approve the protocols. Israel had protested the linkage. EC sources said that the two countries were concerned about Israeli taxes on imports, which they regarded as an unfair trade practice, as well as the matter of exports from the territories.

A CROWD of 400,000 turned out in a silent march against terrorism called by local authorities in Saragossa, Spain yesterday in protest at Friday's car bomb attack on a civil guards barracks, which left 11 people dead, including five little girls. The bombing has not been claimed, but is widely being blamed on the Basque separatist movement, Eta.

Massive security as SE Asia leaders gather in Manila

MANILA (AP) — Thousands of armed troops patrolled the capital yesterday and warships guarded the harbour on the eve of the first summit in 10 years of the Association of Southeast Asian Nations (Asean).

Sultan Sir Hassan al-Bolkiah, 41, absolute monarch of oil-rich Brunei, was the first of the five visiting Asean leaders to arrive for the two-day summit, held under unprecedented security because of fears of attacks by left- or right-wing extremists.

The sultan was followed by Malaysian Prime Minister Mahathir Mohamad, 61, a former physician; Singapore Prime Minister Lee Kuan Yew, 64, the longest serving Asean leader; and Prime Minister Premtinn Sulanonda, 67, of Thailand, a retired general.

Indonesian President Suharto was to arrive early today before President Corason Aquino convenes the opening session. Japanese Prime Minister Noboru Takeshita, whose

country is not an Asean member, arrives tomorrow for meetings with regional leaders on the final summit day.

The summit talks are expected to focus primarily on economic cooperation, downplaying such sensitive political issues as proposals for a nuclear free zone and the status of U.S. military bases in the Philippines.

Takeshita is expected to discuss a Japanese offer of up to \$2 billion in economic assistance and his government's plans for a higher-profile role in East Asian politics.

On the eve of the session, some 10,000 troops, including elite marines and constabulary soldiers, set up checkpoints on bridges, major intersections and key approaches to the city. Six Indonesian and four Malaysian ships joined Philippine navy vessels in the harbour near the Philippine international convention centre, the conference site.

Chaos mars Nigerian election

LAGOS (Reuters) — Nigerian authorities have promised an investigation into widespread chaos which marred the country's first elections since 1983 and led to outbreaks of violence in the capital.

The Lagos state electoral commissioner, the Reverend Kayode Cadmus, said there would be an inquiry into complaints of a nationwide shortage of ballot boxes and papers before any results were announced.

Reports on national television from most of Nigeria's 21 states told of voters being turned away, often after queuing for up to 10 hours in the blazing sun. Despite the disorganization, a large turnout was reported in the election for councillors in the 301 local government areas.

The military government had presented the poll as the first stage of a five-year transitional period leading to a return to civilian rule. Political parties were banned from taking part and campaigning focused on parochial issues.

In some poor areas of Lagos, frustration about poor planning turned to violence. Vehicles were stoned and at least two policemen beaten up, the News Agency of Nigeria (NAN) said. Police used tear gas to disperse protesters.

In a message broadcast on local radio every 30 minutes in English and Yoruba, the most widely-spoken language in Lagos, Cadmus called for calm. "We have had complaints about lateness, organized shortage of voting materials and acts of vandalism," he said, adding: "Destruction of life and property are losses to this nation."

S. Yemen sentences 35 to death

ABU DHABI (Reuters) — Ousted South Yemeni President Ali Nasser Mohammed said in remarks published yesterday that a death sentence against him had killed any chance of national unity.

Mohammed and many of his supporters fled to North Yemen after last year's internal fighting in which at least 10,000 died. South Yemen demanded his return to stand trial and on Saturday sentenced him and 34 of his men to death.

"The verdicts closed once and for all the door for national unity," Mohammed told *Al Itihad* newspaper. He quoted him as saying in a telephone interview: "We will not remain silent and will shoulder our

responsibility to deal with the sentences." Mohammed's presence in North Yemen has created tension with Aden, but North Yemeni Foreign Minister Abdul Karim Ariani denied last week that Mohammed was an obstacle to Yemeni unity.

A total of 108 people — 44 at large and 64 detained — were charged with high treason in the trial which ended on Saturday night.

Former air force chief Ahmed Hussein Mussa was among 16 people who appeared in court and were sentenced to death. It was not known when they would face a firing squad. The verdict has still to be ratified by President Haider Abu Baker al-Attas.

Former Japanese soldier arrives in city to apologize to survivors

China remembers 300,000 victims of 'Rape of Nanking'

By MARK O'NEILL
PEKING (Reuters) — China yesterday denounced Japanese who dispute that their country's army slaughtered 300,000 Chinese in Nanjing 50 years ago, but added that Tokyo would never again "become militaristic."

The *People's Daily* said some Japanese newspaper articles based on "feeble and laughable" evidence had said the Nanjing massacre — then known as the Rape of Nanking — which began on December 12, 1937, did not take place or that the number killed was lower. It said this flew in the face of all the evidence of Chinese witnesses and foreign reporters and quoted a report in Japan's *Mainichi Shimbun* newspaper describing how soldiers competed to kill the most Chinese.

"One warrant officer killed 106, another 105. So neither was the winner, so they resolved to carry on the killing contest," it quoted the paper as saying.

Only when Japanese stopped trying to distort the truth "can the spirits of the tens of thousands of dead rest in peace and the peoples of China and Japan truly co-operate," *The People's Daily* said.

The massacre, which lasted for two months, was the worst atrocity of Japan's 14-year attack on China. After capturing northeast China in 1931, it launched an all-out invasion in 1937 and captured Nanjing, then the national capital, on December 12. China says 10 million of its people were killed and wounded during the war.

The massacre was remembered yesterday in a ceremony at Nanjing, where a commemorative museum has been built, and two films on the massacre are being made for the first time, the New China News Agency said.

A group of 13 Japanese yesterday arrived in Nanjing to visit the museum and meet survivors. It includes Shiro Azuma, who recently published a book describing the activities of the platoon he served in in the city and other parts of China 50 years ago. His spokesman said in Kyoto on Saturday that Azuma would apologize to the survivors for Japanese war atrocities, would present them with his book as a sign of his regret and would promise to work for peace.

In a report from Nanjing on Saturday, *The People's Daily* said the purpose of the museum was to show the world what had happened, so that the 300,000 victims would never be forgotten. "The people of Japan will never again allow

the return of Japanese militarism, they will never forget the tragedy brought about by the foreign invasion," it said.

China and Japan established diplomatic relations in 1972. Japan has been the foreign country that has taken fullest advantage of Peking's open-door policy since 1979.

Japanese firms have set up offices all over China and flooded the country with vehicles, televisions, steel and industrial equipment. But investment has been small, leaving Japan a poor third after Hongkong and the U.S. because its firms are wary of China's political stability, poor infrastructure, low productivity and lack of access to the domestic market.

So, while bilateral relations have improved enormously since 1972, China still has many complaints. Lack of investment is one of them. Imbalance of trade is another.

Writing in the official intertrade magazine, *Wei Xiaorong*, China's commercial councillor in Osaka said China has had a trade deficit with Japan every year since 1972, except in 1982, with a cumulative deficit of \$21.3 billion. He called on Tokyo to remove controls on China's exports such as raw silk, silk fabric and some kinds of fruit, vegetables and meat products.

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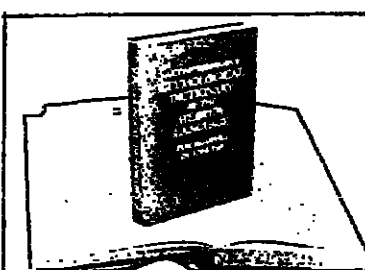
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Ernest Klein

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Anti-Arab 'White Hand' spills blood in shootings in France

By MICHEL ZLOTOWSKI
Jerusalem Post Correspondent
PARIS — French police have arrested a police sapper who in recent weeks allegedly gunned down an Arab greengrocer in Caen, in the west of France, wounded a customer in an Arab cafe in the Calvados region and planted a bomb that exploded in another cafe patronized by Arabs in the same area, wounding three.

The 26-year-old suspect, Christian Arcini of the Caen prefecture, suddenly pulled a gun and a grenade when the police came to search his house last Tuesday. "I am a patriot of the White Hand," shouted Arcini, "and I've already bumped off some Arabs." (The White Hand is apparently a right-wing racist organization.)

He then locked the policemen inside his house and disappeared in their car. He was tracked down to a nearby village and caught on Thursday night with another suspect, 20-year-old Michel Lajoie.

After each racist attack, leaflets were found nearby or sent to the leftist daily *Libération*, claiming responsibility in the name of a "reconstituted *Irgun Zvai Leumi*, meaning 'The Third Organization' in a combination of Yiddish and Hebrew.)

The bomb attack a fortnight ago was allegedly perpetrated "in retaliation for ... the killing of six Israeli soldiers (in the glider attack), glorified with impunity by the terrorist (Ibrahim) Soussa (the PLO representative in Paris)."

The communiqué also quoted an appeal issued after the massacre of customers in a Jewish restaurant in Paris in 1982 by then prime minister Menachem Begin, albeit spelling the name "Begrin" like the well-known brand of French sugar.

The handwritten leaflets bore a Magen David with the following Yiddish message: "*Unser Shitl Arbeit*" — roughly translated as "Our piece of work."

A spokesman for the Interior Ministry told *The Jerusalem Post* that he thought the attacks were the acts of madmen. But according to other sources, the whole case could be a provocation to stir a confrontation between Arabs and Jews in France.

According to the mufti of the Paris mosque, Sheikh Abbas, there are about six million Moslems in France, almost 10 times the estimated number of Jews. (The Interior Ministry puts the amount of Moslems at three million.)

The Jewish community has recently witnessed some anti-Semitic attacks, but they have been generally limited to tomb desecrations or graffiti.

Racist assaults against the Arab and Moslem communities, on the other hand, have become commonplace, including countless murders. Even 25 years after the conclusion of the Algerian war, there remains a bitterness toward Arabs in some layers of French society.

For years, the French Moslem community kept a very low profile. When an Arab was denied service in a cafe or a lease for an apartment, he usually swallowed his pride and kept his mouth shut, for he was too afraid of the police to file a complaint.

The Jewish community has learned over the years to speak in one voice, that of the Crif, the committee representing French Jewish organizations.

Nothing similar has occurred yet within the Moslem community, ridden by internal dissensions among pro-Algerian, pro-Saudi, pro-Libyan, pro-Iranian currents, notwithstanding the large majority of second-generation Arabs from North Africa who do not even know what Islam is.

A first step toward integrating the Arabs into French society was taken after the Socialists came to power in 1981. The government decided to grant illegal immigrants, mostly from North Africa, pardons for breaking immigration laws, and give them the right of residence.

This decision gave Jean-Marie Le

Pen's emerging extreme right-wing National Front an opportunity to launch a campaign against "three million immigrants, three million unemployed in France. French citizens ought to have priority for jobs. Turn the unemployed immigrants out."

After the March 1986 elections and the victory of the centre-right coalition led by Jacques Chirac, the government decided to step up the struggle against racism.

A Ministry of Human Rights was created, and Charles Pasqua, the interior minister, took the initiative in the struggle against racism.

Some of the measures he took, such as the installation of an official at the Interior Ministry in charge of relations with the Jewish community, have been sharply criticized by Theo Klein, chairman of the Crif.

"We find it vile that there is someone at the ministry in charge of Jewish issues," Klein told *The Post*. "This decision seems to isolate the Jewish community as a foreign body within this country. Our relations with the government are conducted through legal organizations. By and large, we don't complain about the decisions taken by Chirac's government, but he made a blunder here."

Nevertheless, in a country where unemployment is rising, the leaders of the Jewish community know that their duty is to stand firm against any racism, anti-Jewish or anti-Arab. The recent decrease of popularity of SOS Racism, an anti-racist organization with Moslem and Jewish members, was a warning to those who fear a rise of xenophobia following the economic difficulties plaguing France.

Presidential elections will be held within half a year, and in spite of his outrageous declarations, Le Pen still enjoys the support of about 10 per cent of the voters. Any ethnic, racial or religious provocation might be an incentive for many Frenchmen to vote for the party advocating a return to the "true values of Catholic France," Le Pen's National Front.

Participants in the shop-window exhibitions either hung around like proud parents or had the deliberate ill manners not to be present at all. A common refrain was "If a bomb fell, it would wipe out the entire world of..." and the word entered by the self-applauded of all the various forms of media — advertising, fashion, journalism, electronic or print, politicians, etc.

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Spontaneity was not the overriding characteristic of the affair. A couple of weeks before, almost exactly the same crowd crowded into the Tel Aviv Museum to celebrate the 10th anniversary of movies at the museum. The *Ha'ir* affair was a bit better, as if the museum affair was a dress rehearsal, and because at the *Ha'ir* celebration, the heavy drinkers, if so inclined, could practise for when Yona Mordechai's central bus station becomes just that, and there will be people passed out in the corners. Nobody passed out on the floor at the museum.

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Israeli Arabs protest crackdown in areas

By ELAINE RUTH FLETCHER and DAVID RUDGE
Jerusalem Post Reporters

The IDF crackdown in the territories has touched off a storm of protest by Israeli Arabs and Druse, with Druse MK Zaidin Atshe saying that Israel faces a "civil war" if a solution to the Palestinian problem is not found.

"I think this is the beginning of a rebellion," added Labour MK Abdel Wahab Darousha, as Arab MKs, municipal leaders, writers and student organizations all denounced the recent IDF killings in the territories. They also said the unrest demonstrated the need for negotiations to establish an independent Palestinian state.

At Haifa University, 100 Arab students demonstrated yesterday for the creation of a Palestinian state, and in Nazareth several dozen people marched down the main street in protest against the IDF crackdown.

The head of the association of Israeli Arab municipalities, Ibrahim Nimmer Hussein, warned that if the situation continued to deteriorate,

"There is a danger of the violence spilling over to the Arab sector [in Israel]."

The chairman of the Committee for Druse Initiative, Jamal Moa'di, sent a telegram to the defence minister calling on him to withdraw the IDF from large civilian centres as the first step in a complete withdrawal from all of the territories.

Atshe said: "The reaction of the IDF, while justified to prevent Israeli lives being endangered, gives Israel a tarnished image in the rest of the world."

The Shinui MK added that over the long term, "we are facing a civil war" in the absence of a negotiated solution.

"Already non-Jews represent 38 per cent of the total population [of Israel and the territories]. If and when that population reaches 50 per cent, there is almost certain to be civil war, as we have seen in Cyprus and Lebanon."

"As a loyal citizen of Israel, my first interest is insuring the stability and security of the state. While the IDF can secure the borders, it is

much more difficult to impose order on people who are diametrically opposed to the Israeli regime."

"The solution has to be a negotiated settlement, with the participation of Arab countries and Arab organizations, even if it means including the PLO," added Atshe. He said he was "definitely not in favour" of direct negotiations with the PLO, as such. But he noted that pro-PLO Palestinians in the territories have their own representatives.

Darousha took issue with Shmuel Goren, coordinator in the territories, who blamed the disturbances on PLO agitation, and with Zomet MK Rafael Eitan, who said that the unrest could be quelled by expelling inciters.

"Goren puts the responsible leaders, the moderate leaders in prison," said Darousha in an Israel Radio interview. "Terrorism can't be quashed with an iron fist, not with expulsions, administrative detentions, and not with the demolition of houses."

"Violence only breeds more violence," Hussein said.

More cheerleading than conducting



concert was performed only once (in contrast with the usual three or four outings) but the main problem seemed to be a marked impression on the part of the conductor, whose efforts were more oriented to cheerleading than to conducting.

The tightest part of the programme was the two opening selections, which was followed by a slide into *Lady*. The foregoing refers to overall performance only; solo passages, especially by the wind instruments and the strings, were extremely well executed. Even some ensemble passages, once they got going, developed a certain verve (more a credit to the composers than the conductor).

In the concerto, the tempo changed slightly with every new passage, and the soloist appeared content to peck at the keyboard without ever developing the grand, glittering sweep of freshness that is the hallmark of this work.

DANIEL ZIFF

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1988

Living with the fear of the frier tag

Tel Aviv Tel Aviv
Robert Rosenberg

quired for business purposes and whose idea of a good time is an expensive restaurant or a drive behind the wheel of a Mercedes — left the cavernous station to the devious of Tel Avivian fun, the *frier* syndrome took over.

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CINEMA PERFORMANCES

JERUSALEM

Best Agony: The Gods Must Be Crazy 4:30; Koyaanisqatsi 6:30; Children of the Last Days 8:30; Breakfast Club 10; Cinemaethusque: Bad Timing 7; Kase 9:15; Eden: The Skipper 4:30; 7; Eden: Dirty Dancing 4:30; 7; 9; Habiba-Cinema Empire: closed for renovations; Jerusalem: Jerusalem 4:30; 7; 9; Jean de Florette 7:30; Kfir: No Way Out 4:30; 7; 9; 15; Mitchell: Spaceballs 7:30; 9; 15; Orgel: The Last Emperor 6; 9; Orion 1:1; Jaws 4; The Revenge 4:30; 7; 9; 15; The Beauty of Vice 4:30; 7; 9; 15; Orion 3:30; Act of Vengeance 4:30; 6:45; 8:15; Come 11 p.m.; Orion 4: The Untouchables 8:45; 11; E.T. 4:30; 8:45; Orion 4: The Florida Project 4:30; 8:45; Men 6:45; American Graffiti 11; Orson: Burglar 4:30; 7; 9; 15; Ishtar 4:30; 7; 9; Senned: Prick Up Your Ears 7; 9:15

RAMAT GAN

Armenia: Ishtar 5:30; 9:45; Lily: Beauty of Vice 7:15; 9:30; Rumpelstiltskin 4:30; Gass: Man Hunter 7:30; 9:50; Orion: The Skipper 4:30; 7:15; 9:30; Ram-Gan 1: Bedroom Window, Sun-Wed. 5:30; 7:30; 9:30; Ram-Gan 2: Hollywood Shuffle, Sun-Wed. 5:30; 7:30; 9:30; E.T., Thur. 10:30; 12:30; 2:30; Ram-Gan 3: Black Widow, Sun-Wed. 7:30; 9:30; Thur. 7:30; 9:30; Song of the South, Thur. 10:30; 12:30; 2:30; 5:30; Ram-Gan 4: No Way Out, Sun-Wed. 5:30; 7:30; 9:30; Thur. 7:30; 9:30

HERZLIYA

Dr. Acropolis: Blind Date, Sun., Mon., Tue. 7:30; The Secret of My Success, Wed. 7:30; 9:30; Daniel Hecht: Wish You Were Here, Sun., Mon., Tue. 7:15; 9:30; Wish You Were Here, Wed., Thur. 5:15; 7:15; 9:30; Dirty Dancing 4:30; 7:15; 9:30; Robin Hood, Thur. 11 a.m.; Hecht: The Skipper 4:30; 7:15; 9:30; New Tiffers: The Witches of Eastwick 7:15; 9:30; Wed., Thur. 4:30; 7:15; 9:30

HOLON

Armenia: Maleducate: The Skipper 4:30; 7:30; 9:30; Hair, Thur. 11:30; Migdal: Ishtar 7:30; 9:30; Beverly: Jaws 4 at 4:30; 7:15; 9:30; Beauty and the Beast, Wed., Thur. 11 a.m.

BAT YAM

Armenia: Jaws 4 at 7:15; 9:30; Crocodile Dundee, Mon-Thur. 4:30; 7:15; 9:30; Wed., Thur. 11 a.m.; 4:30; 7:15; 9:30

GIVATAYIM

Hecht: Space Balls 4:30; 7:15; 9:30; Beauty and the Beast, Wed., Thur. 11 a.m.

RAMAT HASHARON

Kocher: Outrageous Fortune 7:30; 9:30; Cat People 4:30; 7:30; 9:30; Wed., Thur. 4:30

PETAH TIKVA

G.H. Hecht 1: The Skipper, Sun. 5:30; 7:15; 9:30; Crocodile Dundee, Tue. 5:30; 7:15; 9:30; Wed., Thur. 11 a.m.; 4:30; 7:15; 9:30; No Way Out 5:30; 7:15; 9:30; Aladdin Wed., Thur. 11 a.m.; G.H. Hecht 2: Dirty Dancing 4:30; 7:15; 9:30; Harrel and Grail, Wed., Thur. 11 a.m.

WHAT'S ON

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JERUSALEM

ISRAEL MUSEUM. Opening Exhibition: Chinese Snuff Bottles — Jade, Coral etc. (15.12. at 8 p.m.) Continuing Exhibitions: Stele Collection, Masterpieces in Jewish Art (Traditional Arab Handicrafts (Palestine) at Hanukkah Lamp Collections (Ticho House) at "Father Series", Nurit David (Photographs, Boaz Tel. Renaissance themes in contemporary contact) at Justin Lada, new work especially for Israel Museum of Captive Dream, Jerusalem 1987 (Tradition and Revolution: Jewish Renaissance in Russian Avant-Garde Art) at Emphasis: Arieh Aroch, Michael Gross, Yigal Tumarkin (Edmond Shiran) at News in Antiquities '87 (Wonderous India) at Special Exhibits: Priestly Benediction on Silver Scrolls (Nagav 1987, Magdalena Abakanowicz) (Wonderous India) (Permanent Exhibitions of Archaeology: Heritages, Ethnic Art and Shrine of the Book w/Edmond Shiran: Archaeological (Rockefeller) Museum: Crusader Art (Animals in Ancient Art)

ISRAEL MUSEUM VISITING HOURS: Main Museum 10-5. At 11: Guided tour of Museum (English). 12.30 p.m. lecture by Ora Elton; 3 p.m. Guided tour of Archaeology Galleries (English); 3-4 Free Workshop Hebrew Felt and Recycling Room. 2-5 Felt and Recycling Room

L.A. MAYER MUSEUM FOR ISRAELI ART. Visiting hours: Sun-Thur. 10-11:30; Fri. closed. Sat. and holiday even 10-11. Holidays: check with Museum. 2 Hapalmah St., Tel. 661291/2. Bus No. 15.

SKIBALL MUSEUM OF Biblical Archaeology of the Hebrew Union College, 13 King David Street, Tel. 203253. Visiting hours: Sun-Thur. 10-5; Fri. Sat. and Hol. 10-2

SHARON HOSPITAL. Ein Kerem. Children's Museum — synagogue open 9:00 a.m.-4:00 p.m. Tours, Sun-Thurs., hourly on the half hour: 8:30 a.m.-12:30 p.m. Fri. open 9:00 a.m.-12:45 p.m. Tours, hourly on the half hour: 9:30-11:30 a.m. Entrance fee. Half-day tours of the installations: Sun., Tue., Thur. Details: 02-418333, 446271.

HEBREW UNIVERSITY

English tours daily Sunday through Thursday. 1. Mount Scopus, 11 a.m. from the Bronfman Reception Center, Administration Building, Buses 9, 28, 44, 26 & 23 to the first underground stop. 2. Givat Ram Campus, 9 & 11 a.m. from the Sherman Building, Buses 9, 28, & 24. Tel. 682818.

AMIT WOMEN (formerly American Mizrahi Women). Free Morning Tours — 8 Alkali Street, Jerusalem. Tel. 02-692222.

TEL AVIV

TEL AVIV MUSEUM. New Exhibitions: Roy Lichtenstein (U.S.A.), Drawings (Marc Chagall (mostly watercolour & gouache) (Menasse Kahdiman: Myth Transformed: Painting and Monumental Sculpture. (Treasures of the Bible Land VISITING HOURS: (Museum and Pavilion): Sun-Thur. 10 a.m.-5 p.m.; Fri. 10 a.m.-2 p.m.; Sat. 10 a.m.-2 p.m.; 7-10 p.m. Hebrew Rehabilitation Museum: Israel Art from Museum Collection.

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Sygnal/Jacques Langren

So Far, So Good But Tougher Issues Await a New Round

By R. W. APPLE Jr.

WASHINGTON
IN all of the long and turbulent history of Soviet-American relations, through 17 summit conferences and countless agreements, through blow-ups in Paris and Reykjavik and calmer days in Yalta and Glassboro, there has never been a week quite like the one when Mikhail S. Gorbachev came calling on Ronald Reagan in Washington. It was momentous, it was revealing and it was fun.

The leaders of the two most powerful nations in history didn't resolve all the outstanding issues, not by a long shot, and their meeting didn't quite live up to their own exuberant reviews of it. History may frown on Mr. Reagan's startling assertion that Moscow has forsaken any thought of world domination and on Mr. Gorbachev's sweeping statements about a new era demanded by the peoples of the world.

There was little discernible progress on Afghanistan, with Mr. Gorbachev balking at setting a date for the withdrawal of 115,000 Soviet troops, and there was even less on the Persian Gulf or human rights. The Soviet leader seemed particularly touchy about human rights, telling Mr. Reagan (by his own account), "You are not the prosecutor and I am not the accused," then telling reporters that only 222 Soviet citizens had been refused permission to emigrate and adding heatedly, "No matter what you say, no matter what you shout, we shall not let them go before their knowledge of state secrets has evaporated."

But for the first time since the onset of the arms race, the superpowers signed a treaty to reduce their nuclear arsenals, by eliminating two classes of short-range and medium-range missiles. They account for less than 10 percent of the world's stock of nuclear warheads, but the treaty represented a crucial first step, as Mr. Reagan kept saying. It now seems more likely to be ratified by the Senate without crippling amendments, partly as a result of last week's events, particularly the enthusiasm generated for it by the

President and his guest. What's more, a second and far more crucial step may be climbed next year as a result of the bargaining that continued almost to the moment of the farewell ceremony.

At Reykjavik 14 months ago, progress on a 50 percent cut in strategic missiles, from roughly 11,000 to 6,000 warheads for each side, was blocked by the insistence that the President first abandon his cherished Strategic Defense Initiative — the "Star Wars" program. This time, the two countries agreed to press ahead with the strategic arms negotiations while agreeing to disagree on whether "Star Wars" testing is permitted under the 1972 Antiballistic Missile Treaty. Although major obstacles remain, the experts think they may be able to wrap up the treaty in time for a Reagan-Gorbachev meeting in Moscow, probably late next spring.

Star Wars' Problem

"Star Wars" remains a conundrum, however. The two sides parted without making it clear whether a new arms treaty could be put into effect, or merely negotiated, before agreement was reached on how the 1972 ABM treaty should be interpreted to cover the development and deployment of space weapons. But as the Russians surely understood, that issue is likely to be inherited by the next President, given the pace of "Star Wars" and the restrictions on testing and development imposed by Congress until the final months of Mr. Reagan's term. Still, Mr. Gorbachev did not appear optimistic. If Americans wanted to squander their money on space weapons, he said, the Russians would build a system "100 times cheaper." And when asked whether he had succeeded here in making an arms race in space less likely, he replied, "I don't think so."

The intermediate-range missile treaty and progress on the talks on strategic, or long-range, arms were badly needed tonics for the standing of the two leaders. For Mr. Gorbachev, the elimination of the kind of missiles covered in last week's agreement was welcome because some of them are pointed at the

Unfinished Business

Arms

The treaty signed last Tuesday covered only a fraction of the Soviet and American nuclear arsenals. The hard part — an agreement on long-range missiles — is still ahead.

Next Summit

If an agreement on the rest of the missiles can be worked out, President Reagan expects to sign it at a summit meeting with Mr. Gorbachev in Moscow, probably in the spring or summer of 1988.

Afghanistan

Still no solid movement toward getting the 115,000 Soviet troops out of Afghanistan. Mr. Gorbachev puts the blame on Americans, who covertly supply the guerrillas fighting the Russians and the Kabul Government.

Rights

No sign of progress on American demands for more human rights in the Soviet Union and freer emigration.

Soviet leader's "animal force," and Senator Alan K. Simpson, the conservative Wyoming Republican, described him as "a guy that comes at you with six headlights like a Mack truck."

Who would have expected, only a year or two ago, to see a Soviet leader plunging into the crowds along Connecticut Avenue to shake hands, to see him conducting seminars in Washington for capitalists, actors, writers, publishers and senators? Who would have expected to see published in the newspapers maps of Soviet missile emplacements, the kind of information for which a generation of spies risked their lives? Who would have expected to see a senior Soviet marshal strolling into the Pentagon or Soviet bureaucrats drinking Scotch at midnight with American reporters? For that matter, who would have expected this President to link his fortunes so tightly to arms control and to lastingly improved relations with what he used to call the Evil Empire?

It may be, as sober commentators have suggested, that Mr. Gorbachev has set himself too ambitious a task and will fail to wrench the Soviet economy and Soviet diplomacy out of their ruts. (His task at home, page 3.) It may be that Mr. Reagan was wrong in arguing that he has changed the whole focus of Soviet-American relations, winning agreement on "a far broader agenda" with "realism and candor as its hallmarks." Other Presidents have thought they had done that, too. But if geopolitics really is changing, as equally hardheaded analysts believe, Summit 17 (No. 1 was at Teheran in 1943) was a suitably spectacular symbol.

Soviet heartland. For Mr. Reagan, battered for months by mischance and mishap at home and abroad, success of any kind was welcome, especially the kind that may lead to more.

But the real theme song for this extraordinary week might have been the air played by the British band at Yorktown: "The World Turned Upside Down." Mr. Gorbachev and his friends taught this city that it had not seen it all. Jack Valenti, who used to work for Lyndon B. Johnson, a man of some force, spoke of the

How Wall Street Has Transformed New York's Budget Process

City's Mood Dips From the Celebratory to the Cautionary

By JOYCE PURNICK

JUST last spring, New York City was, as its political leaders were delighted to report, wealthy. It was rolling in money that was going to buy all sorts of things that politicians like to give to the people who elect them: More police officers, more teachers, better schools, cleaner streets.

Now, six months later, it is as if that spring had never come.

Mayor Koch, who boasted of the "best budget" ever in May, is talking about cutbacks, restraint and retrenchment in December. He has imposed a hiring freeze and is pondering a \$500 million cut in his next budget. Words and phrases that became the norm during the city's fiscal crisis more than a decade ago are suddenly back in vogue in City Hall. The atmosphere has gone from the celebratory to the cautionary, largely as a result of the stock market collapse on Oct. 19.

One impact of Black Monday is that it has underscored the fragility of any city's budget, tied as it is to economic trends that local governments cannot control. What has happened in the city since then has provided a useful glimpse into the complex business of budget-making, in which a public official must be part accountant, part salesman, part psychologist and part preacher.

There are elected officials in New York City who are convinced that Mr. Koch overreacted in calling for cuts and freezes. The Mayor believes he was acting prudently, and there is no way really to know who is right. Budgets are built on reasonable assumptions filtered through the prism of political need, and if it was reasonable for



Nicolae Ascu

Mr. Koch to declare affluence last spring, it is equally reasonable for him to preach caution now. But there are real problems, some shared by every city in the country and others unique to New York.

The city's economy is heavily reliant on the financial services industry, which has been hard hit by the stock market's problems. Just last week, four leading investment banking firms announced they would be cutting 8,700 jobs in New York City and other companies can be

expected to follow suit. More than ever, said Samuel M. Ehrenhalt, the Regional Commissioner of the Bureau of Labor Statistics, the city's economy is tied to "a volatile, roller coaster industry."

Another problem that surfaced last week involves the sale of the New York Coliseum. In July 1985, Mayor Koch announced an agreement to sell the Columbus Circle site of the now-defunct Coliseum for \$455 million to Boston Properties, a private developer that planned a huge office tower there. The city planned to spend the \$455 million over three years, \$266 million of it in the fiscal year that ends June 30.

But there has been no sale yet, and last week a State Supreme Court justice ruled the deal illegal. If the city loses on appeal, New York will have a \$266 million budget gap this year and ultimately a \$455 million gap.

The Koch administration has been sharply criticized lately, by State Comptroller Edward V. Regan, for one, for spending money it did not yet have, and for putting one-shot revenues in its budgets. The Mayor's budget experts maintain that they always rely on projections of the unknowable, whether it be estimates of how much sales tax revenue will be collected by the end of the year or how much state aid the Legislature will approve. They also argue that one-shot revenues are common.

Last year, when \$227 million in Coliseum money failed to come through, all that happened was a cut in New York's annual budget surplus to \$559 million, which was figured in the current budget of \$23.7 billion.

Mr. Koch contended that if the Coliseum plan fell through this year, the city would be forced to reduce services. Maybe so. But the Mayor's budget officials always build fiscal cushions into the budgets, and they also hide money. For example, the Koch administration appeared to have enough money in the current budget to pay for a 2 percent annual raise for all municipal workers. But the settlements reached so far provide raises of about 5 percent, which the city has agreed to pay because the money was there all along.

The city had more money than it would admit then, and some City Council members say it does so now. "I think the Mayor is overreacting to Black Monday," said Michael DeMarco, the council's finance chairman. "Maybe he believes it. And maybe he's cutting back now

to protect himself for the following year, which is an election year." Mr. Koch denies political motivations.

Whatever the impact on New York City of the expected economic downturn, it seems highly unlikely to match the fiscal crisis that reached its peak in 1975. The city got into trouble then through fiscal gimmickry that analysts on the State Financial Control Board would not permit today. Between 1969 and 1975, even as the city lost 500,000 jobs in the private sector, the city government and related agencies added more than 30,000 jobs.

There are some who believe that Mayor Koch, in imposing a 90-day hiring freeze eight days after the market collapse, was using the event as an excuse to pull back from a potentially costly commitment he made last spring, when he promised a municipal workforce larger than the one in place before the fiscal crisis.

Whatever his motivations, Mr. Koch left little doubt that he would continue on the same course. "I have always taken conservative, middle-of-the-road measures," said the Mayor, who, given the city's recent fiscal history, has had little choice.

After years of taking credit for a healthy city economy that had far less to do with him than with national economic trends, Mr. Koch may now have to cope with the opposite, an economy hurt not by what his administration has done, but by factors he cannot control.

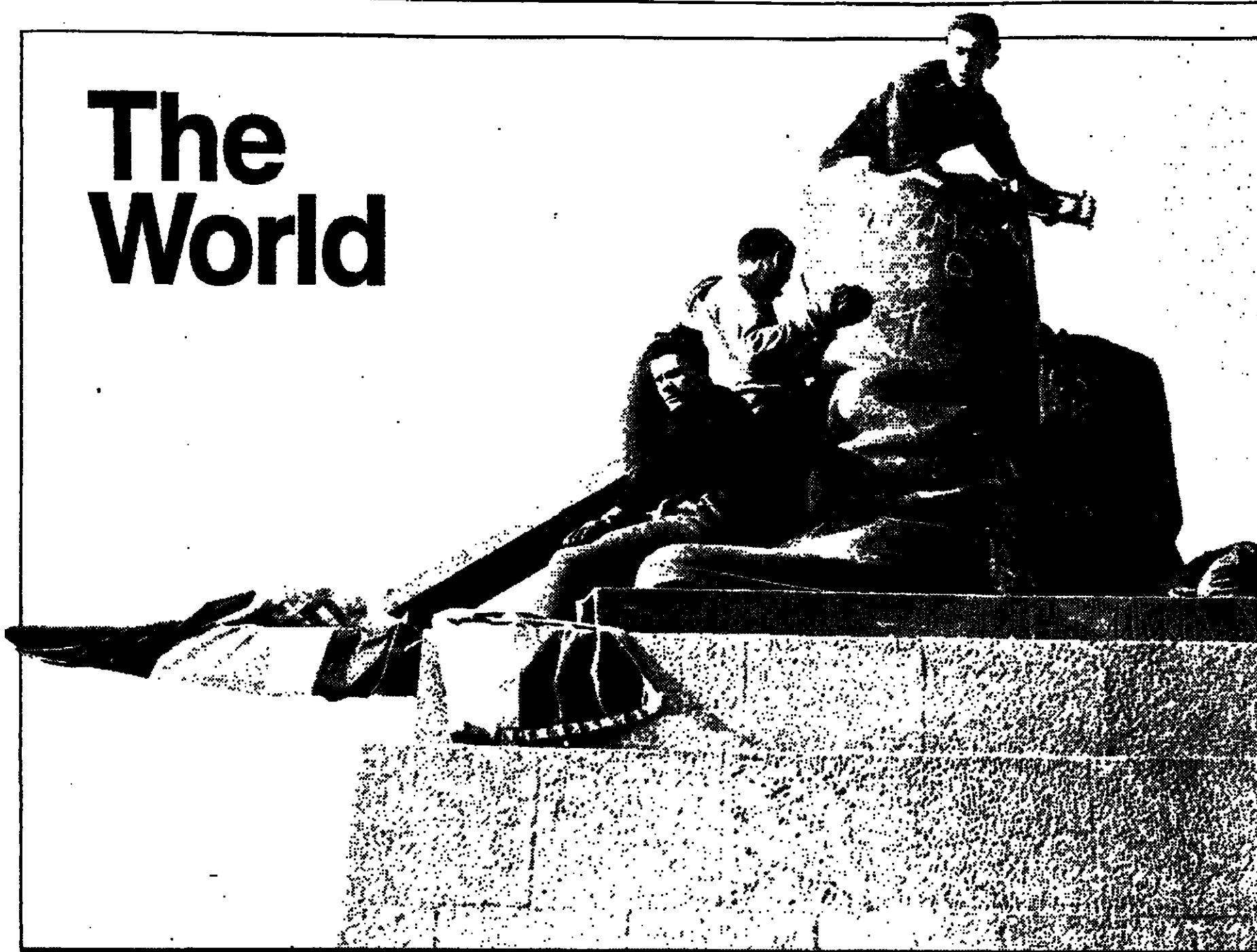
South Korea

Ripe for democracy or more repression?

3

A Voice From Budapest

The World



Budapest youths after toppling the giant statue of Stalin during the 1956 uprising. The bronze boots remained for a while, "a sculpture of tyrannicide."

'So There Remains Only the Old Platform, Reeking of the Old Boots'

By MIKLOS HARASZTI

BUDAPEST

IN Budapest these days, tourists love to bait their hosts with a single question: Is Hungary still Communist? The tourists' problem is that they cannot see where the system ends in this effulgent greening of ours; the hosts try to explain that under Communism even the grass is Communist.

Spotting old structures amid change is the favorite armchair sport of masochists in my country — and I am a champion at it. I wanted to give you a lovely bouquet of the metamorphoses of Communism. While picking it, however, I caught myself wondering why we must look for this weed once thought to be such an obvious threat to all other cultures. Are we heading toward the happy anarchist paradise of Thoreau, where I am an acorn, the state a chestnut, and we may branch out alongside each other according to our natures? Or will the meadow, in order to survive, require the Communist state to fulfill the only reform that matters — to disappear?

The question is fruitless. We don't need to ask it anymore. Nobody has yet seen a post-Communist meadow. We might be able to imagine such a vista, however, if only we could figure out what the object of our concern is up to. But nobody yet has been able to enter into a dialogue with weeds.

In Budapest there is an enormous public square adjacent to our equivalent of Central Park. Before the

Miklós Haraszti is the co-editor of a samizdat journal in Hungary. His latest book is "The Velvet Prison: Artists Under State Socialism," published in the United States by New Republic/Basic Books.

Second World War, a church, surrounded by trees, stood there. Bombs damaged it, but it was still intact and usable. Nevertheless, after the war the Catholic Church voluntarily offered it (as it was politely put) to the state. The Hungarian state at that time was an atheist one, and it proceeded to demolish the church. It had big plans for the site.

The area was transformed into an imitation Red Square. The trees were cut down, the ground covered with stone. Thenceforth on all official holidays hundreds of thousands of people poured into this plot. "Working masses closing ranks," "a flow of humanity surging and billowing" — that was our language lesson; and we thought if we ever opened our mouths for other words it wouldn't be Communism anymore.

In Moscow, of course, there was the Kremlin where the powerful lived and the mausoleum where they lined up on the Founder's body to accept the greetings of their subjects. But what kind of substitute could our leaders come up with? They solved that problem easily: they erected a giant Stalin. On official holidays the Hungarian leaders would climb up to the bottom of his boots and wave down to the masses. In Budapest it had to be that the bulwark of power towered above and behind them, so they wouldn't forget that they were but governors.

A Symbolic Lynching

It was designed to last forever; once a year a living flow of fathers would cover the square with the fathers of the future on their shoulders; in fact, we waved to Eternity itself as we marched in front of the Hungarian Father Number One, who himself stood in front of the boots of the Father of the World.

It was because of the failure of eternity that a school of thought insists that Communism died on the evening of Oct. 23, 1956. For it was then that workers brought tractors, cables and blowtorches, and turned

on the floodlights. While thousands watched, holding their breath, Stalin was symbolically lynched with cables around his neck. They exhaled as one man, in the world's loudest sigh of pleasure, when the statue fell, because they had done away with Stalinism itself. From then on, the history of Communism turned on schools of interpretation, not just repetition of fact.

For a few months, Stalin's bronze boots stood orphaned on the platform, a sculpture of tyrannicide. But already by May Day of 1957, the flow of masses billowed again. The boots were removed, however, and the reliefs showing happily working workers were covered with red canvas. In later years Stalin Square was smoothed over entirely with marble, becoming nothing more than what it was: a platform.

The fact that after the failure of the 1956 revolution no new statue replaced the old one shows, if you wish, that those in power had to retreat; that their victory was Pyrrhic. Their setback was thought by some to be irreversible because though they now had to stand on the platform with only the phantom weight of the boots on their necks, in fact nothing was behind them but painful emptiness.

But isn't another reading of this emptiness possible? Perhaps our leaders found themselves some new form of legitimization, and their rule became even stronger. The fathers, with the fathers of the future on their shoulders, were again ready for the annual march — this time without ideological slogans. Nor did they march, as in the past, out of fear. Neither their lives nor their freedoms are threatened if participants in today's parade don't attend. This annual pilgrimage is respectable civil investment in their careers and what society would morally object to that?

Such voluntary marching is regarded by optimists as evidence of Communism's failure; see there, they've had to renounce total mobilization, to be content with their own true believers. The flow will shrink to a tiny stream as the number of genuinely civilian

activities grow, and with them the number of those whose happiness does not depend on the bosses up on the platform. Those bosses will have to accept this development because their economy will go bankrupt if they don't let well enough alone.

Well, perhaps. But until then — and for decades now — the masses continue to billow at the given hour each year and the megaphones still amplify the same martial songs that people never sing.

Meanwhile, new plans were being considered for the platform. Which school of interpretation would be supported by this development? Did our leaders seek to escape from the memory of the boots when they decided to abolish the platform altogether and to build something else in its place? Or was it a sign of their reforming instincts that they considered demolishing the foundation of the alien idol toppled by the people and raising in its place the grand institution of national survival — the National Theater? This plan was apt because the much-loved previous National Theater had recently succumbed to age.

But then, what would have become of Communism? Where would the masses billow if at all? Where would the leaders stand?

The most intelligent part of the plan for erecting the National Theater on Boot Square was that everything was to continue as before. Only now, the leaders would conduct their official greetings from a specially constructed balcony.

Our rulers were so pleased with this plan that they embarked on it in spite of not having the funds to make it possible. They thought to build the new theater and their special balcony out of public donations.

Naturally they didn't choose the slogan "Buy one, get two." They kept quiet about the balcony. But huge public enthusiasm was generated for the theater. To re-create the heady atmosphere of the 19th-century Reform Era, they issued building shares known as "brick notes." "Our Nation and Our Theater!" trumpeted posters full of palm trees on all the city corners. Why palm trees, you ask? All brick notes doubled as lottery tickets, giving donors the chance to win an all-expense-paid, two-week holiday to Miami Beach — a place about as far from Boot Square as one can imagine. In addition, groups of actors went overseas to spur enthusiasm amid the Hungarian diaspora in America.

Stubborn Continuity

Again, we had reason to wonder what was happening. Was the party admitting the fiasco of its Communist values, or was it simply (and tactically) ignoring them?

The refugees of '56 might take satisfaction from all this. On the site symbolizing Hungary's colonial status, there would be recited the great lines of national dramas extolling independence. The victors were now pleading for the dollars of the vanquished. The leaders could not have devised a more modest retreat than to that silly balcony, which would remain, after their departure, merely a balcony.

But, for the observer from inside, this is the story of stubborn continuity. The nation that felled the statue must now, if it wants a theater, build an inviolable rostrum for the same old leaders.

In what significant sense did the system retreat? Is it content to be reduced to a theater loge like royalty in a constitutional monarchy?

Can it permit itself to retreat to such an extent that it will no longer be Communism?

Or will it in fact only rid itself of superficial elements and redundancies, in an effort to preserve the essential, the balcony? Why would it need the display of naked power, open terror, the ideological culture of the New Man — all once thought to be synonymous with functional Communism — if the system is nicer and smoother without them? Why can't Communism embrace old cultures once thought to be hostile — like that of the nation and, yes, even money — in order to draw new strength?

You see, reform is possible. We don't need more daring changes than from Stalin to his boots, and from there to the National Theater.

But it is all the same. These "changes" are simply variations in form of the same impertinent, self-congratulatory monolithic power. All this shadow play is really a paradigm of the boots, and while we are still inside that paradigm, there can be no real reform. This debate is sterile; it can go on till the end of time.

P.S. The following information might seem like an answer to the question of what will happen to us, but in reality it is just a corollary to the paradigm: There will be no National Theater built on Boot Square in Budapest. The leaders wanted to sell the public a plan that was too expensive. Not only did the party not have enough money, neither did the nation. So there remains only the old platform, reeking of the old boots. On the site where they prematurely began excavations, Communist grass will be sown to cover up the National Hole.

We may continue this game of tourists and hosts, interpreting the signs of changing times, until time itself runs out. But the collapse of the theater project is the collapse of the paradigm.

Maybe we should stop interpreting paradigms and guessing high intentions.

Maybe it doesn't matter anymore on what kind of platform our leaders will wave and smile.

The boot is inside us.

Mitterrand Fastens Onto Party Financing Reform

France's Candidates Scramble Dutifully for the High Road

By JAMES M. MARKHAM

PARIS

ONE would almost think that America's moralizing politics had beached up on France's worldly shores. The fall season had been taken up with a scrappy tennis match in which the right served up a financial or personal scandal at the left only to have the left slam one back; the right won in, let's say, three sets. But as the Christmas season approaches — and, more to the point, as the presidential candidates try to brush up their statesmen images — French politicians are talking solemnly, though unpersuasively, about adopting a law to regulate campaign financing in time for the spring election.

It is happening thanks to a deft stroke by President François Mitterrand — a drop shot, not a slam. A re-warmed scandal about the sale of a half-million artillery shells to Iran had thrown the President's Socialist Party onto the defensive. A secret Defense Ministry report, leaked to the press by partisans of the conservative Prime Minister Jacques Chirac, suggested that perhaps \$500,000 in kickbacks had slid into the Socialists' coffers — and that President Mitterrand had been warned of the sales, which were illegal, but apparently did nothing to stop them. The President went on the radio to say, yes, it was true he had been vaguely told of the under-the-table artillery deal, but that he had intervened forcefully to scupper an ambitious, arms-sweetened overture to the ayatollahs.

However, continued the President, the real problem

was the financing of political parties in France — the one major Western European state that has no law on the subject. Mr. Mitterrand proposed a special session of the National Assembly in January to adopt a statute in time for the presidential election late in the spring. Raquel poised, Mr. Chirac, who wants to be the next president of France, lunged for the net. To prevent Mr. Mitterrand from seizing the moral high ground, the Gaullist Prime Minister convoked the leaders of France's major political parties to contemplate their malodorous fund-raising practices. The party leaders dutifully assembled recently at the Prime Minister's Matignon Palace, but it remained to be seen whether they had accomplished much more than to demonstrate that the road to high office in France is paved with good intentions.

In the absence of specific legislation, party financing in France has developed in a topsy-turvy fashion that skirts and sometimes undermines the law. Big businesses make under-the-table donations, prudently giving a little to the Socialists while saving the lion's share for the rightist parties, which are better heeled. Mr. Chirac's Gaullist Rally for the Republic is thought to have the biggest war chest of all, which is why the Prime Minister has no interest in pre-election reform. At campaign time, donations often come in kind, not cash. On a swing through eastern France, for example, aides to a prominent Socialist casually mentioned that a luxury limousine was at their disposal on loan from the manufacturer. Another venerable fund-raising technique involves payments to party-run "study groups" that prepare expensive and meaningless analyses costing a few hours' work. Ministries often commission such studies.

Political parties also routinely place campaign workers on the rosters of municipalities and trade unions. The erosion of the French Communist Party's hold on city halls around the country has meant an effective loss of its campaign staff. Commissions scooped off government contracts — both at the national and city level — are another source of money.

"I have the impression that the right finances itself more at the national level and the parties of the left finance themselves more at the municipal level," said a Socialist former minister. "But, that said, French parties are not rich."

A Vow Bepattered

Alfred Grosser, a political scientist, noted that French parties have low membership levels compared with their counterparts in such countries as West Germany or Britain, so that they cannot claim to finance themselves. "French parties have a holy fear of revealing their donors," said Mr. Grosser. The donors feel the same way. The Socialists came to power in 1981 promising a new morality in government. The latest bout of mudslinging has left that vow bepattered. One notable victim has been Charles Hernu, the former Socialist Defense Minister, who was obliged to resign in 1985 over the



Charles Hernu

sinking of the Greenpeace flagship Rainbow Warrior by French agents. Mr. Hernu and his aides also have been cited in the Iranian artillery fiasco. Now a scandal involving money funneled to the Socialist Party in Lyon through a station called Radio Nostalgie threatens to embroil the hapless Mr. Hernu as well.

So far, there has been no indication that the scandals have harmed Mr. Mitterrand, who continues to ride high in the opinion polls. The truth is that none of the mainstream parties wants party financing to become a hot campaign issue.

If anyone has benefited, it may have been Jean-Marie Le Pen, leader of the ultraright National Front. Mr. Le Pen has sought to portray himself as an outsider to the corrupt system of politics-as-usual. "The reform of party financing will end up being shelved," he predicted recently. Another possible beneficiary has been Raymond Barre, a conservative former Prime Minister who is expected to challenge Prime Minister Chirac as the right's standard-bearer in the presidential race. Mr. Barre is the classic above-the-fray politician who, with a few words, has managed to convey a patrician disdain for the unseemly squabbling between Mr. Chirac and Mr. Mitterrand. The tone of French politics might just be improving.

The Crucial Test Is Coming This Week

Is South Korea Ripe for Democracy — or More Repression?

By CLYDE HABERMAN

POLITICAL parties in South Korea last about as long as the fashionable width of men's lapels. By custom, they exist only to serve the immediate needs of national politicians, and no party has outlasted the ambitions of its founder.

What is especially striking is that the name of every one of these groups includes the word "democracy" or "democratic." There is grim irony in that. It is obvious from the party labels that political leaders recognize the desire for expanded liberties, yet democracy has had a will-o'-the-wisp elusiveness. If that were not so, South Koreans would not be attaching such enormous significance to this Wednesday's presidential election.

Democratic traditions have always been reed-thin in Korea. In this century, Koreans have endured a harsh occupation by the Japanese and partition of their peninsula into a Communist North and a westward-leaning South. They have prevailed through a ruinous three-year war and a succession of repressive regimes.

President Syngman Rhee was brought down in April 1960 by an uprising after he rigged his re-election. A democratic interlude ensued. But in May 1961, a band of young army officers staged a coup under the guidance of Gen. Park Chung Hee, who then ruled in authoritarian style until his intelligence chief shot him to death in October 1979. Within a few months, another man from the barracks, Chun Doo Hwan, seized control.

Now, after 16 years in which they effectively have had no say in the matter, South Koreans are being given a chance once again to choose their leader. They regained that right by taking to the streets last June and wresting democratic concessions from the Chun Government. Until then, this election had been unimaginable.

What happens Wednesday and beyond may determine whether South Korea keeps growing politically or reverts to disorder and renewed repression. The question is not only who wins, but whether the results will be broadly accepted as fair, and whether the fledgling government will then be permitted to take root.

There already are reasons for short-term pessimism: The military, with its history of sudden intervention, is said to be fretting about a possible opposition victory. If the army does not act first, students and other dissidents might. Egged on by the main anti-Government candidates, they have made clear they will fill the streets if the ruling party wins. Such protests could test the limits of the military's patience.

The stakes are high not only for Koreans but also for the United States, which has been a dominant force here since the end of World War II. It stations 40,000 soldiers here, and sustains the local economy by absorbing 40 percent of its exports. Any change in domestic politics would affect economic and security considerations, especially the always tense standoff against North Korea.

Although the election should be viewed as a democratic triumph, cynicism lurks at the fringes. Many Koreans are convinced that Western-style democracy simply cannot work here. Their mood has not been lightened by sporadic incidents of violence, much of it stemming from regional hatreds. Campaign rhetoric has been negative, even nasty. The ruling party candidate, Roh Tae Woo, says he alone can guarantee stability; the opposition, he asserts, will bring chaos and ruin. In turn, the rival anti-Government leaders, Kim Dae Jung and Kim Young Sam, portray Mr. Roh as the murderous architect of military dictatorship, and accuse his party of obtaining votes through bribes, intimidation and even beatings.

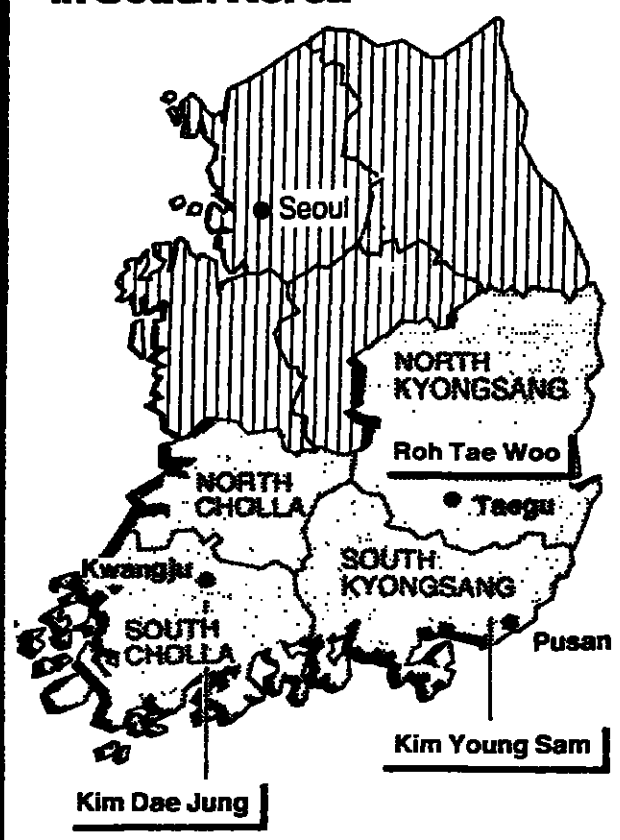
Adding fuel to the unhappy forecasts is the lack of tradition of a loyal opposition. Everyone has a winner-take-all attitude, and so this election is not just a democratic exercise, even to opposition leaders who have been the strongest preachers of democracy. The ballot box, they recognize, is their only available means to gain power. Guns and tanks are all on the other side. These leaders are not about to lose and tell Mr. Roh sportingly, "Well done." They leave no doubt that they will accuse him of wholesale cheating, and then devote themselves to a struggle to overthrow him.

Even so, it is hard to gainsay the exhilaration that many Koreans feel as their election draws near. True, many rallies have been padded with rented crowds, and more than a few votes are likely to have been purchased outright. But in cities and on small farms the enthusiasm seems genuine. Koreans sense that their country is at a turning point, and they are proud that it was they who brought it about. "I feel that life is much better than before," a shopkeeper in Suwon, 25 miles south of Seoul, said. "I can't give you specifics, but I feel more free than before." He did not, he added, care to lose that feeling.



Associated Press (police), Gamma Liaison-Hyungwang Kang (Kim Dae Jung), Magnum: Rene Burri (Roh), Woodfin Camp/Kim Newton (Kim Young Sam)

Regional power bases in South Korea



Police dispersing anti-Government protesters who disrupted a campaign appearance by Roh Tae Woo in Chonju, South Korea, last week.

Three Who Want to Be President



Kim Dae Jung
Man Who Suffered The Most



Roh Tae Woo
Born-Again Democrat Or What?



Kim Young Sam
Staking Out The Middle Ground

AS South Korea's most prominent dissident, Kim Dae Jung of the Party for Peace and Democracy portrays himself as the candidate of the poor and the alienated. His appeal is especially strong among young people, unskilled workers and natives of his home province of South Cholla who for many years have felt neglected by the central Government and who now want their turn at the helm.

To his admirers, the 62-year-old Mr. Kim is the South Korean politician who has struggled the longest against military-installed regimes. After coming close to winning the last true presidential election in 1971, he was variously imprisoned, sentenced to death, exiled and placed under house arrest for long periods. Resentment burns within him.

Strengths: oratory skill, political acumen and an assumed air of the visionary. Weaknesses: an inability to compromise and an uncanny knack for instilling fear and loathing, especially in the military.

SINCE he capitulated last June 29 to demands for a direct presidential election, Roh Tae Woo of the Democratic Justice Party has virtually called himself the man who brought democracy to South Korea. In that role, he has tried to put as much distance as possible between himself and his longtime ally and fellow former general, President Chun Doo Hwan.

The present Government has been authoritarian and has committed torture and other "mistakes," says the 55-year-old Mr. Roh (whose name is pronounced no). He will be different, he insists, portraying himself as "an ordinary man." He appeals to older Koreans, those from around his native Taegu in North Kyongsang Province and, most of all, to people who say that security and stability are what they prize most.

Strengths: the Government and ruling-party apparatus that is behind him, and Koreans' conservative streak. Weaknesses: his past as a coup-maker and the fact that he symbolizes an unpopular Government.

KIM YOUNG SAM of the Reunification Democratic Party regards himself as the mainstream opposition leader, the man who should have been the sole anti-Government candidate on the strength of years of steady resistance while Kim Dae Jung was in prison or in exile. One week shy of his 60th birthday, Kim Young Sam has been a professional politician all his adult life.

He appeals to many well-educated Koreans, the middle class and people from his native South Kyongsang Province, near Pusan. Recognizing that his rival, Kim Dae Jung, makes many voters nervous, backers of this Kim cast him as the safe, moderate alternative to the authoritarian Government.

Strengths: a nonthreatening manner and an ability to get along with people, including opponents. Weaknesses: a dubious grasp of some issues and a reputation for inconstancy that has raised some doubts about his leadership skills.

A Big Plunge Into Economic Restructuring Begins Jan. 1

The Test of Gorbachev's Talents Has Just Begun

By BILL KELLER

AT last week's summit, Mikhail S. Gorbachev demonstrated that he has a way with Americans. Next year will show whether he can do as well with the Russians.

The Soviet leader returned to Moscow politically enriched by his performance in Washington. The agreement limiting medium-range missiles was hailed on both sides as the beginning of a long-awaited thaw in Soviet-American relations, and Mr. Gorbachev's ability to charm the capitalists was a boost for Soviet prestige and his own.

Now, he must try to turn his new-found capital to domestic advantage, to calm the jitters that continue in the aftermath of the Boris N. Yeltsin affair, consolidate his power in the middle ranks of the party, and lead his country through the expected turmoil of a new economic law that takes effect Jan. 1.

Another problem that awaited him as he stepped down from his plane into the Moscow slush Friday night was a need to extricate 115,000 Soviet troops from Afghanistan, ending an involvement that has hampered his foreign policy and begun to shake domestic tranquility.

The Soviet leader must also decide, in responding to the continuing international pressure to broaden human rights, whether he values the respect of the Western world highly enough to relax his regime's strict control over the liberties of his citizens.



President Reagan appearing on a giant television screen in central Moscow during summit meetings.

The sight of Mr. Gorbachev and President Reagan proclaiming a new era of hope, however, has already done much to lift the sense of threat that hovers in the Soviet psychology because of the still powerful memories of World War II and the decades of superpower confrontation.

More important than the limited disarmament embodied in the medium-range weapons treaty, the summit made the superpower rivalry a bit more predictable. Another summit has been penciled into the calendar, and there is a sense that the relationship has become, in the

favorite Soviet cliché, more businesslike. Does this help Mr. Gorbachev at home? Maybe.

The dismissal last month of Mr. Yeltsin for overzealousness in the cause of glasnost sent a tremor through Mr. Gorbachev's liberal constituency, and sent a message to those still undecided about the Soviet leader's program to wait and see. If the trip to Washington left Mr. Gorbachev more self-confident about his position, he may feel freer to push on with his campaigns for glasnost and "democratization." In any case, the prospect of a

thaw is especially welcomed by the intelligentsia, which tends to see greater contact with the West as encouraging liberal tendencies.

Mr. Gorbachev's diplomatic success — a reminder that the Soviet Union's increased stature in the world is largely tied up in the figure of one dynamic leader — probably enhances his standing within the Communist Party at a time when he is trying to mobilize its vast apparatus behind him. Mr. Reagan has accepted an invitation to visit Moscow in the spring, just before a critical party leadership conference in June at which Mr. Gorbachev hopes to elect like-minded Communists to the governing Central Committee.

The Washington summit apparently provided Mr. Gorbachev with no ready exit from Afghanistan. Discontent with the war, the growing casualty list, and the grievances of returning veterans have broken into the open. Some Soviet officials predict Mr. Gorbachev will announce a unilateral withdrawal, but the risk of an inter-cine bloodbath on his southern border appears to hold him back.

The most daunting problem facing Mr. Gorbachev is his ailing economy, and there it is not clear that the summit pays any immediate dividends.

The central theme of Mr. Gorbachev's diplomatic ventures has been the need to free up money and brainpower — and his own energy — for economic and social restructuring. The arms agreement signed in Washington does not save any great amount of money, and he is unlikely to start raiding engineers from his military research centers as long as he sees the United States racing ahead with "Star Wars" research. The Soviet leader's own attention will still be distracted by the array of arms issues left unresolved in Washington.

Nor can he count on an infusion of Western business skill, a surge in joint ventures, or an easing of controls on Western technology withheld from the Communist bloc. Closer East-West economic relations have been limited less by superpower tension than by the fact that the inefficient Soviet system makes it an unattractive partner.

At the beginning of the new year, 60 percent of Soviet industry will be thrown into the deep end of Mr. Gorbachev's most critical economic change to date. Factories will be put on "self-financing," which means that thousands of managers accustomed to obeying orders from the top will have to make business judgments on their own. They will be hampered by a pricing system that is still rigid, and by a workforce that shows signs of resentment at losing the bonuses they have come to expect for minimal work.

The Nation

The Economy

'It Shouldn't Be This Way,' But Trade Deficit Expands



The New York Times. George James
Alan Greenspan

WASHINGTON
THE roller coaster that the financial markets boarded in the middle of October just won't stop. Stocks went up 100 points last week, their best performance since August, but the dollar was battered. It now will buy less than half as many German marks and Japanese yen as it did at its peak in early 1985.

Once again, there were hints of rising inflation. Some commodity prices are rising and gold, often a gauge of inflation, climbed toward \$500 an ounce. Yet the Government said another gauge, wholesale prices, stood still in November.

Fears of the recession that some economists saw in the aftermath of Black Monday receded. Even so, retail sales were barely better than flat, and consumers were borrowing less, a sign of caution.

Last week's biggest befuddlement, though, was a report on the nation's trade.

The deficit in October was a stupefying \$17.6 billion. The stock market's rout on Oct. 19 was attributed by many analysts in large part to a report of a deficit for August that was \$1.9 billion smaller. The October figure means the deficit for the year could be \$175 billion, \$35 billion more than the Administration predicted, \$20 billion bigger than last year's and thus another record, even though the sunken dollar was supposed to turn it around.

"It boggles my mind, this thing," said Peter L. Bernstein, an economic consultant in New York. "It shouldn't be this way."

All the anecdotal evidence contradicts it. Indeed, American exports are strong, and the industries that make them are running close to capacity.

Mr. Bernstein says a partial explanation lies in the behavior of something known as the "J-curve." The J-curve shows that after a country's currency falls, its trade deficit will grow a while before it shrinks. That's because a falling currency raises the price of imported goods before customers can cut back on orders.

Since early 1985, the dollar has been ratcheting down, dropping and stopping, dropping and stopping. What results, economists say, is a "rolling J-curve." Before the deficit gets a chance to shrink, the dollar slips again, putting off the day when the deficit turns around.

Treasury Secretary James A. Baker 3d and Alan Greenspan, chairman of the Federal Reserve, are baffled by many of these phenomena. They are responding by sitting tight — Mr. Greenspan trying to hold interest rates steady, Mr. Baker leaving the dollar largely to the judgment of the currency markets, where traders expect it to slip a bit more.

One of these weekends, they are expected to get together with the other finance ministers and central bankers of the seven leading industrial countries and try to make some decisions on coordinating economic policies, which might stabilize the dollar. The trouble is, the countries have different ideas about where to stabilize it and for how long. They differ, too, over how much each should do — in cutting budget deficits in the case of the United States, in raising them in the case of West Germany and Japan.

If what the seven decide looks meager or implausible, the countries fear, the markets will let them know. But they worry that a long delay could also provoke the markets. The delay arises, a French official said, because "we want to end up with precise, clear, nonambiguous commitments." The odds for that, political economists say, were looking no better last week than they did last month.

PETER T. KILBORN

Congress

A Peaceful Confirmation Is Expected for Kennedy



Woodfin Camp/John Ficara
Judge Anthony M. Kennedy

ON issues that have much occupied both Congress and the White House this year — the Iran-contra scandal and the nomination of a new justice of the Supreme Court — Capitol Hill last week provided a study in contrasts.

On the Senate side, the Judiciary Committee quietly prepared to open tomorrow what are expected to be no more than a week of peaceful, if not passionless, hearings on the confirmation of Judge Anthony M. Kennedy, President Reagan's third choice to fill a seven-month Supreme Court vacancy.

The American Bar Association committee that evaluates judicial nominees last week unanimously gave Judge Kennedy its highest rating. But if confirmed as expected, he will take his place on a bench sharply divided on such matters as affirmative action, abortion and the proper relationship between church and state. His views on these questions remain largely unknown despite 12 years on the bench and

nearly 500 majority opinions.

For that reason, as much as weariness from the bruising three weeks of hearings on Judge Robert H. Bork, President Reagan's first choice, the coalition that defeated him has deferred judgment on Judge Kennedy. Whether this week goes as smoothly as expected may largely depend on how forthcoming he is about his positions on the constitutional issues of the day. A floor vote will come after the Christmas recess.

In the House, an agreement to extend the chamber's Iran-contra committee was reached, but only after acrimonious debate brought the proceedings to a stop for half an hour.

The occasion for the explosion was a Democratic request of a full-year extension to finish up cataloguing evidence and distributing it to other House committees conducting related investigations.

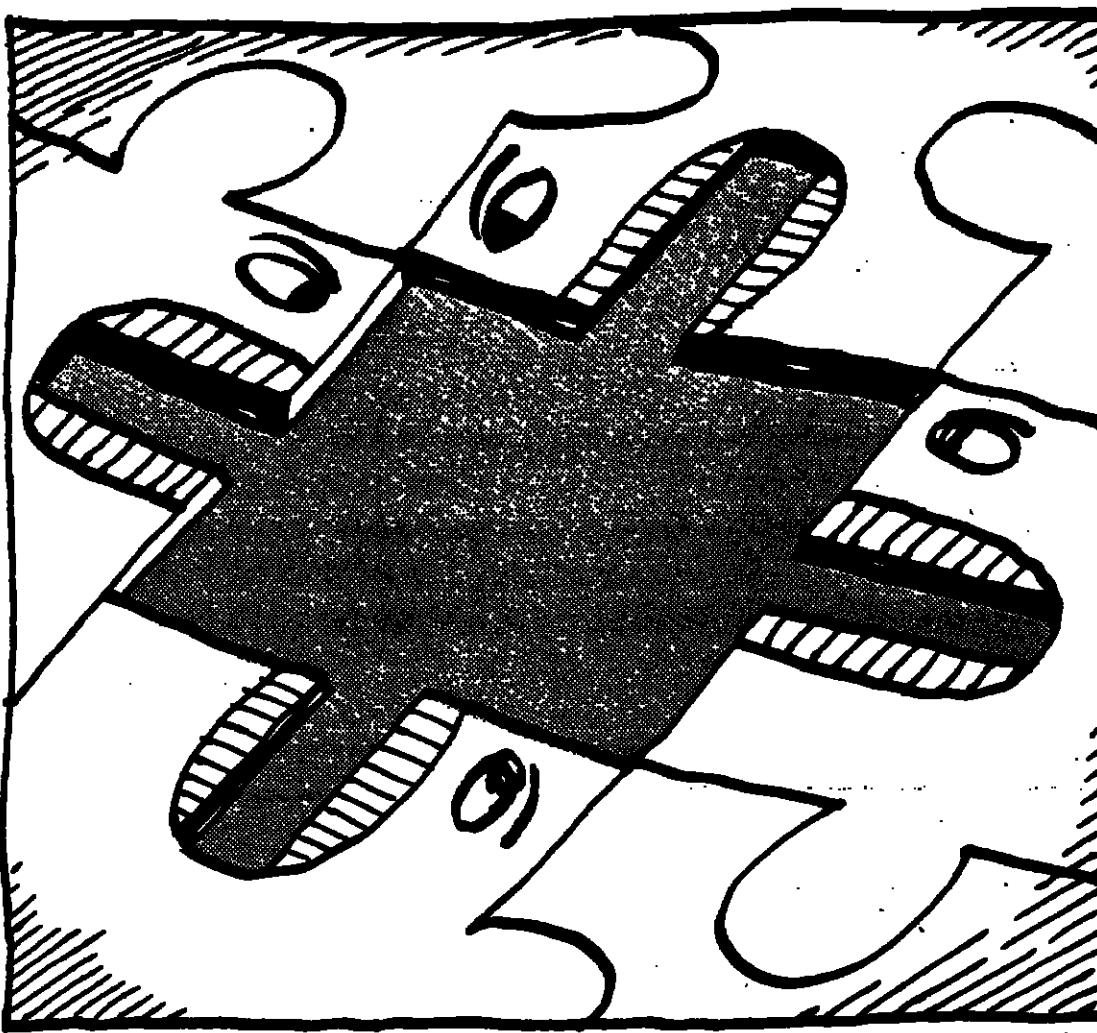
The existence of continuing inquiries notwithstanding, Republicans claimed themselves outraged at another year's life for the panel that had participated in televised hearings with its Senate counterpart, which has no precise expiration date.

House Minority Whip Trent Lott of Mississippi, characterized the Republican revolt as "anger at the tyrannical tactics we have had to live with all year." House Speaker Jim Wright of Texas called it a "tactic of the right wing, just conducting guerrilla warfare as they do from time to time."

The dispute ended only after the lawmakers retired to their private offices and devised a compromise that will continue the panel through February.

CAROLINE RAND HERRON

Kemp Is Failing to Assume Reagan's Mantle



Stuart Goldstein

Leaderless Conservatives Approach '88 in Splinters

By E. J. DIONNE JR.

WASHINGTON
A WEEK in which the hammer and sickle was flying in front of the White House is not a bad time to contemplate the dismay and disarray that grips much of the American conservative movement. Leaving aside the arms-control agreement with the Soviet Union — and for many conservatives that's bad enough — the movement is in a decidedly bad humor.

Conservatives are worried about many things: who will lead them after Ronald Reagan, what issues they can use to rally the electorate, whether the very language of conservatism is becoming too arcane a tongue for most tastes.

The crisis of leadership may be the most wrenching. Ronald Reagan has been the movement's hero since 1964, when he gave a stirring television speech supporting Barry Goldwater's Presidential race. Edwin J. Feulner Jr., the presi-

dent of the Heritage Foundation, a conservative research group, noted that Mr. Reagan was the conservatives' choice in the elections of 1968, 1976, 1980 and 1984. For many conservatives, thinking about their movement without Mr. Reagan is like thinking about Gaullism without De Gaulle.

There is no apparent successor, much to the disappointment of Representative Jack Kemp of upstate New York. Mr. Kemp, who shares Mr. Reagan's politics as well as his desire to appeal to once-Democratic blue-collar voters, has failed to unite the movement; many ardent conservatives, indeed, have defected to Vice President Bush. "You have nothing even faintly resembling unanimity within the ranks," said Eddie Mahe, a Republican consultant.

Mr. Feulner, for one, thinks that what many conservatives view as a problem is actually a sign of success. After all, one of the major reasons why conservatives are so scattered in the Presidential race is that even the Republican moderates, Mr. Bush and Senate Minority Leader Bob Dole, take

conservative stances on almost everything.

But such an upbeat view of events is of little solace to people who, two years ago, were rehashing a successful "Reagan revolution." For Allen C. Carlson, president of the conservative Rockford Institute, the revolution died the day the Democrats ousted the Republicans from control of the Senate. "The triumphalism came to a crashing halt in November of 1986, and it's been worse ever since," Mr. Carlson said. Among other things, loss of the Senate led to the defeat conservatives have taken hardest and, it seems, most personally: the rejection of Judge Robert H. Bork's nomination to the Supreme Court.

The result is recrimination — at times, the fights among conservatives are reminiscent of the sectarian battles that have torn apart so many Marxist political parties. Social conservatives fight libertarians, supply-siders fight the followers of Milton Friedman, long-time conservatives fight neo-conservatives. Howard Phillips, the president of the Conservative Caucus, angered many of his fellow conservatives by calling Mr. Reagan a "useful idiot for Kremlin propaganda," borrowing a phrase reportedly used by Lenin, the most successful sectarian infighter of them all, in reference to liberals. Beyond Mr. Phillips' outburst, many conservatives see what Representative Newt Gingrich, a Georgia Republican, called "a tendency among conservatives to want to commit fratricide."

Irrelevant Arguments?

Gary L. Bauer, assistant to the President for policy development, said that he was worried that conservative arguments "appear irrelevant to the problems average Americans face on a day-to-day basis." He added: "They are not interested at all if the Austrian school of economic theory is more correct than supply-side economics."

Many in the conservative movement blame the Republicans' loss of the Senate in 1986 not on an obsession with obscure issues, but on the fact that so many of the party's candidates ran entirely "issueless" campaigns. But it is not clear what issues conservatives can pick up on in the current climate — in part because they have already won victories for many of their most popular causes. They have cut taxes. They have increased military spending to such a point that support for more is dropping. Old conservative standbys, such as opposition to busing for school integration, are hardly issues any more.

Moreover, many groups drawn to the Reagan coalition on the social issues — the opponents of abortion and pornography, for instance — have been disappointed by Mr. Reagan. "The Republicans kept saying, 'We'll take care of you someday as long as you vote for us now,'" Mr. Carlson said. "And the someday never came."

Mr. Bauer is the last "movement conservative" with a key White House position, and that alone is enough to trouble the faithful. Mr. Bauer understands the angst of his allies even as he speaks stoically about the ordeals of power. "Washington is better at gridlock than it is at quick action," he said, "and a lot of conservatives are frustrated because there are things that did not happen." But as the Soviet flags flapped in the wind, it was the thing that did happen that many conservatives were vociferously protesting, the arms-control agreement reached not by the liberal enemy but by the man they thought of as their very best friend.

Standard English as a Second Language

In Hawaii, Pidgin Is the Mother Song

By ROBERT REINHOLD

HONOLULU
THE proposal was an explosive one for Hawaii. Ey, the Board of Education went to max out trying to ban Pidgin English speaking in school. Fo' real!

Once again the issue of Pidgin English, the lingua franca of the Hawaiian Islands, is sweeping this state whose real face is obscured by the aloha veil it presents to tourists.

Pidgin, a spare, direct and often delightfully irreverent patois in which even "aloha" becomes "howzit," is for many Hawaiians a crucial link to a rich past that is quickly being bulldozed for tourist and commercial development. As such, it has come to symbolize a host of complex and often conflicting forces. Hawaii wants to bring its young people into the mainstream of the American and Pacific economies, but it also wants to preserve its unique culture, which blends Japanese, Chinese, Filipino, South Pacific, Portuguese, Puerto Rican and other influences, against the growing influx of mainlanders.

So it was not surprising that, when an English-only policy was proposed recently for island schools, the Board of Education found itself under withering assault from Hawaiian nationalists and their haole (Caucasian) friends. The board retreated to its previous position, saying just that students will be "provided the opportunity" to learn standard English "as a matter of high basic skill priority."

The issue finds emotional echoes elsewhere in the nation. Dual-language signs and bilingual education, for example, anger the "English First" advocates, who demand that English be made the nation's official language; that movement, in turn, enrages many Hispanics, who don't want their language and culture to be treated as second-rate. Black English vernacular, like Pidgin, can be a barrier to communication with teachers and white employers.

More than black English, some linguists say, Pidgin is a creole language unto itself, and it is defended even by many educated Hawaiians whose livelihoods depend on fluency in standard English. "I grew up speaking Pidgin in school and it didn't hamper me," said Mark Matsunaga, a reporter for The Honolulu Advertiser.

But for many business people, Pidgin presents real difficulties. A Honolulu businessman, a haole who feared he'd be called a racist if identified, said his company uses form letters rather than take the risk of an employee's composing a seemingly illiterate letter. Customer relations can be difficult, he said: "Think of the poor Japanese who has learned English and then encounters Pidgin here." Even some of the company's top officers slip back and forth between standard and Pidgin "to drive you crazy," he said.

Many people mix both in one sentence, as in "Under separate cover, I wen go send you one article." A particularly puzzling expression to haoles is "da kine" (literally "the kind"), which can be used as a noun or adjective and can mean almost anything depending on context.

Many haoles mistakenly think Pidgin speakers are ignorant or illiterate, said Michael L. For-



Cartoon offers advice in standard English and in Hawaii's Pidgin English. A "haole" is a Caucasian in Pidgin.

man, a linguist at the University of Hawaii. "Pidgin is a full language, sufficient for the purposes it is put to," he said. To Professor Forman and his wife Sheila, whose children grew up bilingual in Pidgin and standard and went to Harvard, the schools need more Pidgin, not less. They argue that because many teachers recruited from the mainland are not themselves bilingual in English and Pidgin, they have trouble helping students make the transition into standard English, which the Formans agree is essential.

'The Language of Power'

According to Mako Araki, a member of the Board of Education, standard English is essentially a second language for the majority of youngsters here. While he did not want to eradicate Pidgin, he said, he felt the schools' top priority was to help youngsters become thoroughly bilingual. Many Hawaiians were handicapped even trying to get such entry-level jobs as telephone operators and bank tellers, he said, and had a very tough time at colleges on the mainland.

"Our job is to empower people — English is the language of power," he said. Therefore, he is incensed that many teachers use Pidgin in class.

But defenders argue for just that. Diane Kahanu of Wainanae on the remote leeward coast of Oahu Island, who teaches poetry to schoolchildren, says that 60 percent of the islanders are "people of color" and for them Pidgin has

a special meaning. "If you condemn Pidgin, you condemn the mother song," she said, adding, "For a lot of local people, the changes come so quickly. It hurts us to see our trees changed to freeways."

Ms. Kahanu recently wrote to the board: "Pidgin stay important to me. Okay, then, I going defend 'em. Ho. Just 'cause I speak Pidgin no mean I dumb. Pidgin short, fast, match... I could not reflect the place I come from, Hawai'i, without Pidgin English."

Her students' efforts show there is, indeed, poetry in Pidgin. Here is what Jessica White, a fourth-grader, wrote for Ms. Kahanu:

Every time my
matha tell me
for eat with my
fork I no listen
I eat with my
finga. Every time
I pau eat my
hand all messy my
matha tell me see
when you no like
eat with your fork
thas what going happen.
But I still no listen.
She tell me you
get bee in your
ear thas why you no
listen.

Joyce's "The Dead": John Huston's Final Legacy

Arts & Leisure

**For his final film,
the director
turned to the
riches James
Joyce provided in
'The Dead.'**

By MICHIKO KAKUTANI

"It had begun to snow again. He watched sleepily the flakes, silver and dark, falling obliquely against the lamplight. The time had come for him to set out on his journey westward. Yes, the newspapers were right: snow was general all over Ireland. It was falling on every part of the dark central plain, on the treeless hills, falling softly upon the Bog of Allen and, farther westward, softly falling into the dark mutinous Shannon waves. It was falling, too, upon every part of the lonely churchyard on the hill where Michael Furey lay buried. It lay thickly drifted on the crooked crosses and headstones, on the spears of the little gate, on the barren thorns. His soul swooned slowly as he heard the snow falling faintly through the universe and faintly falling, like the descent of their last end, upon all the living and the dead."

With these beautiful, mesmerizing lines, James Joyce draws his story "The Dead" to a close, and, in doing so, both provides his collection "Dubliners" with a resonant coda and underlines many of the themes that he would amplify in later works: his fierce ambivalence toward Ireland, his fascination with the epiphany, his preoccupation with the relationship between the living and the dead. It was one of the late John Huston's ambitions to translate this remarkable story to the screen, and the making of the picture — which opens Thursday at Cinema 1 — not only provided him with an opportunity to work with his son and daughter as a creative team (Tony Huston wrote the screenplay; Anjelica Huston plays Gretta, the heroine of the story), but also enabled him to pay homage to his beloved Ireland and to James Joyce, one of the first writers, as he once observed, to awaken him to the possibilities of art. Though he had at least two other pictures on the drawing boards, it would be the last picture he would make.

When Huston first came across Joyce, he was a young man trying to make up his mind whether he wanted to become a painter, a writer or a boxer. It was 1929, and his mother



Guests gathered around a festive table on a winter evening in Dublin in 1904 in a scene from the film

Sydney-François Duhamel

Dick" and "Reflections in a Golden Eye"; and the subject came up in conversation of literature that in the producer's words, "put the accent in a triangular love affair on the married couple" (rather than on the adulterous liaison). One of best examples, they decided, was Joyce's story "The Dead."

On one level, certainly, "The Dead" is the story of a marriage and the ways in which a couple can spend years together within the safe, suffocating carapace of domestic routine — without ever comprehending the emotional truth of their shared lives. It is a story of jealousy; the jealousy that a literary journalist named Gabriel Conroy feels over his wife's memories of a former lover, who died at the age of 17 — a story based on Joyce's own discovery that his wife, Nora, had once had a young suitor who died of tuberculosis. In fact, as the critics Anthony Burgess and Harry Levin have pointed out, Gabriel — with his thin veneer of European sophistication and his smug literary pretensions — is a kind of alter ego of Stephen Dedalus, the sort of middle-aged man Joyce might have become had he not left Dublin and become an artist.

whole possesses a thoroughly dramatic quality. "We are never told anything," he wrote in an essay on the story, "we are shown everything. We are not told, for example, that the milieu of the story is the provincial, middle-class, 'cultivated' society of Dublin at the turn of the century; we are not told that Gabriel represents its emotional sterility (as contrasted with the 'peasant' richness of his wife, Gretta), its complacency, its devotion to genteel culture, its sentimental evasion of 'reality.' All this we see dramatized; it is all made active."

No doubt this aspect of "The Dead" appealed to Huston's cinematic instincts; and he perhaps responded intuitively to other aspects of the story, too. Though the director's pictures are notable for their diversity, many of them do share with Joyce's story a concern with man's capacity for self-delusion and his isolation in the face of this truth — think, for instance, of "The Treasure of the Sierra Madre" or "The Maltese Falcon." Indeed in making his version of "The Dead," the director focused on this recurrent theme.

"The story's about a man being revealed to himself," he said while shooting the picture, "and while we're watching that, I think we're revealed to ourselves. What we are and what we think we are are really two different things. And the discovery of who one is is a soul-shaking experience."

In the past, literary critics have disagreed vociferously over the exact nature of that experience. To some, Gabriel simply realizes how empty his life has been — he realizes that for all his little snobberies, he's as spiritually dead as the friends and relatives to whom he feels so superior. In this respect, they argue, "The Dead" reconfirms the vision of Ireland set forth by earlier stories in "Dubliners" — a vision of Ireland as a self-deluded and moribund nation.

To other scholars, however, Gabriel's insight endows him with the power of transcendence: they see his sympathy with the dead not as symbol of resignation but as a sign that he's now able to embrace the past — that is, the Irish past. As a result, they see "The Dead" as Joyce's attempt to offer up a somewhat more benevolent view of his country. As Richard Ellmann noted in his biography of the author, the story was a late addition to the original "Dubliners" manuscript — it was written later, after Joyce had left for Trieste and Rome, and those travels on the Continent had already modified his feelings toward his native land.

"Sometimes thinking of Ireland it seems to me that I have been unnecessarily harsh," he wrote his brother in 1906, shortly before beginning "The Dead." "I have reproduced (in 'Dubliners' at least) none of the attraction of the city for I have never felt at my ease in any city since I left it except in Paris. I have not reproduced its ingenious insularity and its hospitality. The latter 'virtue' so far as I can see does not exist elsewhere in Europe." Some of these feelings of warmth, Mr. Ellmann argued, would find their way into "The Dead."

Though it imposes no interpretation upon the story, Huston's version of "The Dead" tends to underscore this sense of redemption — thanks, in part at least, to the director's own abiding love for Ireland. In fact, while preparing to work on the film, he told his daughter Anjelica, "We have to do this one for Ireland."

adopted the country as his own. "He decided that's where he was going to live, that's where he wanted his children to grow up," says Ms. Huston. "He loved the hunting and he loved the wilderness and the madness of it. He became Irish."

He bought an estate named St. Clerans in the West Country, near Galway City — a lovely Georgian manor house with stables, a trout stream, a 13th-century tower and a great walled tree garden filled with exotic plants; and it was here in this magical, Edenic world that Anjelica and Tony, his two children from his marriage to Ricki Soma, grew up.

"When I came back from a trip abroad and entered that atmosphere, it was a world apart," the director once recalled. "The style of life was charming. People dressed for dinner

— women in long gowns, men in black ties or even formal attire for members of the hunt: scarlet tailcoats with white silk lapels. It was as beautiful and as fantastic as a masquerade. We ate dinner by the light of 50 candles, and in the winter the hearth was always going. This was a life style that had existed for hundreds of years, but by the time I moved to Ireland it was already a dying tradition."

Eighteen years later, escalating costs of maintaining the estate and a new marriage would compel Huston to reluctantly part with the property. "He regretted selling it more than anything he could think of," says Anjelica Huston. "It was heartbreaking for all of us. I went back there close on 10 years ago now, and I cried from one end of the country to the next."

Somehow I'd never come to terms that it wasn't there for us anymore. We went by to see the house, and it had changed very much. The woods were being cut down; and wood was piled by the door of the big house; and things were overgrown and neglected, and there were no horses in the field, and all the trees looked like they'd been struck by lightning. It was really, really terrible."

In playing Gretta Conroy in "The Dead," Ms. Huston would draw upon those feelings of loss and her own memories of growing up in Galway — for Joyce's heroine is another Galway girl, who in remembering her long-lost sweetheart, also mourns the youth and innocence she's left behind. "When I speak of Galway in the movie," says the actress, "that's something that's right there for me. It wasn't as though I weren't equipped by all sorts of fortune and circumstance to play this role."

For her brother, Tony, writing the screenplay of "The Dead" similarly provided an opportunity to memorialize the country of his youth. "It meant a great deal to me to portray the Ireland I grew up in," he says, "rather than the phony one that you see in so many pictures. Having lived there, it enabled me to go for the truth of the subject rather than all the innumerable clichés that people have about Ireland — Mother Machree and all that other sentimental business."

More importantly, working on "The Dead" provided Tony and Anjelica Huston with an opportunity to work with their father — and, in doing so, to recapture the receding past. "After we left St. Clerans, we went our separate ways," says Tony Huston. "Anjelica worked as a model and was in L.A. I worked in various capacities in the film business and married a daughter of the English aristocracy and lived for a number of years in England. So this was truly a reuniting of the family — but this time in creative terms. It was extremely fortuitous. Dad was not someone to let you know all he was trying to do, but in the case of this project, his timing was unbelievable."



Donal McCann and Anjelica Huston in a scene from the film

brought him back a contraband copy of "Ulysses" from Europe, and in the wake of reading the novel, he wrote in his autobiography, "doors fell open." As Wieland Schulz-Keil, one of the producers of "The Dead," sees it, Joyce's early stories introduced the director to the possibilities of realism, and they helped shape his approach to making movies as well. "Perhaps John learned from Joyce that a story should not attempt to interpret life, but should describe an order and an interpretation arising from life itself. Joyce and Huston show us views of life as they emerge in their stories' characters. These interpretations can be discerned in the thought of the characters, their consciousness and, in a more concealed form, in their words and actions. It is not one view but many that overlap, complement and contradict each other. This is realism in action. It explains, for one thing, the absence of a homogeneous, identifiable style in the work of the two authors. The style changes with the character whose view of life and himself is revealed in any given instance."

Huston began discussing the possibilities of making a film of "The Dead" with Mr. Schulz-Keil some five years ago, while they were working together on the script of "Under the Volcano." Over the years, the director had brought an impressive array of novels to the screen (including, of course, "The Maltese Falcon," "The Red Badge of Courage," "Moby

At the same time, however, "The Dead" is also the story of a moment of illumination, in which Gabriel is suddenly forced to reassess his entire life. This epiphany occurs at the end of a long evening, after he and his wife, Gretta, have attended an annual party given by his aunts, after they have engaged in all the banal pleasures of a Dublin social gathering. Following Gretta's disclosure about her old sweetheart Michael Furey, Gabriel is made to confront the past and his own failures of passion. In the process, he is moved toward a vision of the great world beyond him, in which the living and the dead, the past and the present, are united and absolved. He realizes, as Huston observed during shooting, "that we're all just a procession moving into the past — we're all in the act of becoming the past."

In some respects, "The Dead" might seem an unlikely subject for a film adaptation. The story is more musical in structure than conventionally dramatic, and its delicate orchestration of symbolic details (an image of snow, for instance, is at once a notation of weather and a subtle metaphorical metaphor) marks Joyce's imminent departure from naturalism, pointing up the direction that the author of "Ulysses" would soon take.

Still, the story's emotional arc remains grounded in a welter of objective details; and as the poet Allen Tate has observed, the narrative as a

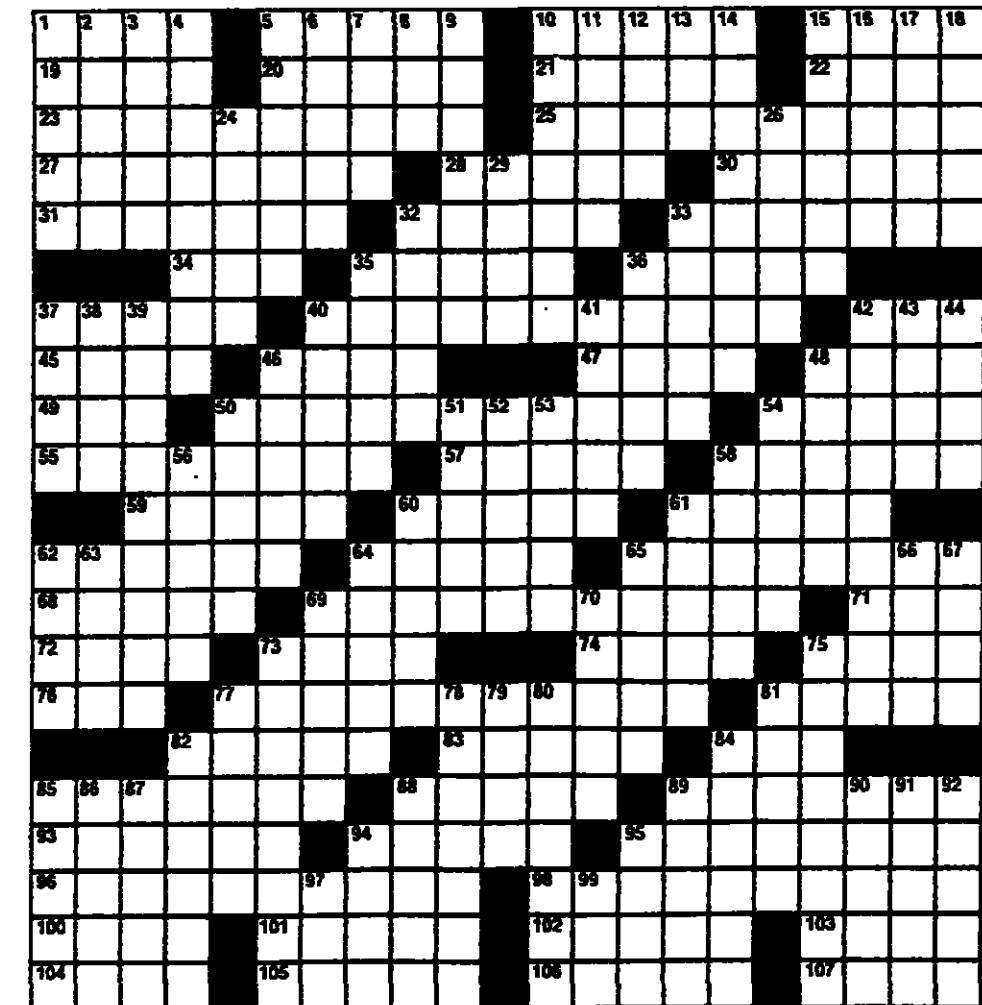
Second Opinions

BY LOUIS SABIN/Puzzles Edited by Eugene T. Maleska

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- 46 Turnkey taunters
- 47 Take flight
- 48 Kiln
- 49 Geological span
- 50 Flags for Maris and Staubach?
- 54 Velvety
- 55 Nicklaus's paved range?
- 57 Habituate
- 58 Bright
- 59 Dressed to the
- 60 Mississippi takes four
- 61 Limited
- 62 Far from shore
- 64 Skedaddles
- 65 When unscheduled teams watch golf?
- 68 Weather word of losses?
- 69 Lothario's list of lasses?
- 71 Arthurian knight
- 72 Obedient
- 73 Scout's snuggery
- 74 Bug
- 75 Dole
- 76 Hopped-up drink
- 77 Where pavers matriculate?
- 81 Polite refusal
- 82 Czechs and Poles

- 83 Echo Bing
- 84 Ripken of baseball
- 85 Uneasy
- 86 Confine
- 89 "Aida" role
- 93 Penny
- 94 Embarrassment
- 95 Hot bargain?
- 96 Where long-hair Samuel composed?
- 98 Floating library?
- 100 Type of type: Abbr.
- 101 Germ cell
- 102 Not rented
- 103 Wagnerian role
- 104 Rotunda feature
- 105 Gourmand
- 106 Comes closer
- 107 Blind, in falconry
- DOWN
- 1 Rio Grande feeder
- 2 Maniple
- 3 Peelers' objects
- 4 Last word in furniture?



- 5 Appeared
- 6 Records
- 7 Abdul, e.g.
- 8 Retton score
- 9 Core
- 10 Lackey
- 11 Eschew
- 12 Brenner is one
- 13 Ghazel
- 14 Cashbox
- 15 Savage, intractable person
- 16 Record verification
- 17 Syrupy liqueur
- 18 Helen and Carol
- 24 "Pinatore" salt
- 26 Stakes
- 29 Carrillo and Gorcey
- 32 Impertinent
- 33 Inventor Howe
- 35 Virile
- 36 Put on a pedestal
- 37 Did a takeoff
- 38 Young salmon
- 39 Rush-hour queue?
- 40 Thirst quenchers
- 41 Narcs' quarry
- 42 Film maker's excess?
- 43 Tap tap
- 44 Atramentous dash?
- 48 A screen Chan
- 50 Spinner's machine
- 51 Tread's neighbor
- 52 Active TV?
- 53 Stab
- 54 Comic Arnold
- 56 Piece of food
- 58 "Medea" segment
- 60 Tickle
- 61 Steeplechase accident
- 62 Marie Wilson role
- 63 Catch red-handed
- 64 Wards (off)
- 65 Heavenly Hunter
- 66 Cinema's Hulot
- 67 Witness
- 69 Pant
- 70 Base unit
- 73 Cross
- 75 Treacle
- 77 Volplane
- 78 Painter's tool
- 79 Prep for exams
- 80 McGwire's end-of-season dash?
- 81 Consumers' protector
- 82 Site of much horsing around?
- 84 Insert marks
- 85 Crazy for bunnies?
- 86 Muse or Dryad
- 87 "Make tracks!"
- 88 Task
- 89 Bill attachment
- 90 Skier Steve or Phil
- 91 Ignore
- 92 Flower part
- 94 Court attempt
- 95 Scottie's song?
- 97 Bath, e.g.
- 99 Vane reading

ANSWER TO PREVIOUS PUZZLE

LASHINGS INATE SHOUTS
ESTONIAN BEPOT PLAWERS
ASTYBASTHESBESBOWNTHE
TIEATY COIA SOAL SOLO
BANKERS TEST
WIELD YET HOAR AERATE
ERDA YARDS TWOS EAVES
PARQUELES ADORNED TIES
YEARELS PEEZY RADIATE
BLATING DELETED
ASSENT INERTIA EGGERS
BETREARS ANOTICLES
TIEABLE MOSES NOISSIAN
NEER ENHATES TETSCASE
UNDEY ERLE SWISS AGES
NEEDED OWNS UPS ADOAS
DROPP CAMPERS
CAPO ENIS EMIL OYAVE
ONEMUSYCONSIDERINTEWO
CARESS ALCEY HONORATE
ASTYBY LOOPY STRASSER

The New York Times

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They Can Make History

Expectations about the summit meeting soared so unreasonably that to some, its genuine successes seem pallid. Already the morning can be heard about failure to reach accord on space-based defenses, on long-range nuclear arms, on Soviet withdrawal from Afghanistan and on breakthroughs for human rights.

Yet that mistakes what President Reagan and General Secretary Gorbachev achieved. They not only signed the treaty eliminating Euromissiles; they had the courage to make the necessary mutual compromises. They made important progress toward a treaty to make dramatic cuts in strategic weapons. And by all accounts, they had realistic conversations on much else.

Set against 40 years of cold war, that is success. Better still, it was success without euphoria. The leaders did not deny important differences or stretch for phony agreements in principle. President Nixon practiced that form of détente; the result was quick and deep disappointment.

Above all, what this summit meeting demonstrated is that Soviet and American leaders do not have to surrender to endless hostility. Mr. Reagan put it eloquently. The arms race, he said, "is not preordained and not part of some inevitable course of history. We can make history."

At Reykjavik a year ago, the two leaders were supposed to make their final push toward the treaty eliminating missiles in Europe with ranges between 300 and 3,000 miles. Instead, they stumbled into an ill-conceived bidding game over nuclear disarmament and deadlocked over "Star Wars."

Since then, they have kept prodding for the Euromissile treaty, without which the experts

never would have resolved dozens of second-order issues that had blocked final agreement. The treaty just signed is a monument to summit diplomacy and creates stunning precedents for on-site inspections of future arms agreements.

It would be a mistake, likewise, to minimize the progress made toward a larger treaty that would cut strategic weapons in half. The elimination of one obstacle to that is a story in itself: The two sides agreed to forbid the coding of telemetric or radio signals during missile flight tests. Thus, the capabilities of missiles will be better known. They also agreed on how to count and limit air- and sea-launched cruise missiles; to cap missile warheads for each side at 4,900; and to cut in half the number of powerful Soviet SS-18 missiles. Questions remain, like allowing or banning land-based mobile missiles, but the major issues are more or less settled.

However, the two men parted without resolving "Star Wars." Will Mr. Gorbachev sign an offensive arms treaty without one that restricts space-based defenses? The leaders fudged the question with meaningless language regarding the ABM treaty. They pledged in their final joint statement to abide by the original interpretation of the treaty. But this leaves open whether extensive "Star Wars" testing is allowed. That ambiguity could create trouble soon, and should be resolved. Yet the leaders were correct in not permitting the "Star Wars" dispute to discolor the whole summit meeting this time.

Perhaps the sense of workmanlike achievement on nuclear arms will carry over to Afghanistan, human rights, conventional forces. There was about this summit meeting a sense of maturity, of clearheadedness about what divides the two nations and where they might put together — of getting some control over history.

Why Choke Japanese Auto Imports?

Curbs on imports of Japanese cars were supposed to be temporary. Now almost seven years old, their cost to consumers has been staggering and the benefit to American car makers only marginal. Even so, Detroit has come up with a laughable new argument to make the ceiling lower still.

President Reagan caved in to industry and labor in 1981 and approved a "voluntary agreement" with Tokyo that cut imports to 1.6 million cars a year. There was nothing voluntary about it; without an agreement Congress would have imposed limits by law. After two years, the Administration officially withdrew, leaving it to Japan to limit itself, which it does, still "voluntarily." The current ceiling, 2.3 million, expires in March.

Originally, Detroit executives said they just needed time — General Motors' president said two or three years — to whip their companies into competitive shape. Two years later they said restrictions could be lifted if Japan made cars here. And in 1985, Ford and the United Auto Workers indicated that no quota would be needed if the dollar fell.

Japanese automakers have established U.S. plants, the dollar has plunged and Detroit has had plenty of time. So guess what? Donald Peterson, Ford's president, now argues for slashing the quota because Japanese cars made in America have imported parts. No matter that some of Detroit's products use foreign parts, too; he wants the Japanese parts in Hondas, Mazdas and other U.S.-made Japanese models to be counted against the quota.

Japan's American output is 1.2 million cars a

year. Calculating that imported parts are half of the final product, Mr. Peterson would lop 600,000 cars from the quota, cutting it to 1.7 million. Chrysler gets the same figures by a different route; it wants a cap on Japan's market share, regardless of where the cars are made. This week, Robert Byrd, the Senate majority leader, lent his considerable support in a letter to the Japanese Government.

Enough is enough. U.S. consumers have paid dearly for this wretched deal. As soon as imports were limited, Japan started shipping higher-priced, top-of-the-line models. Then Detroit raised prices, too. Through 1984, according to International Monetary Fund economists, Americans laid out an added \$17 billion for new cars because of the quotas.

Detroit's profits are up handsomely, but its competitiveness remains in doubt. Quotas have enhanced Japanese companies' profits, too, strengthening their companies financially and allowing them to make production even more efficient.

As it happens, the dollar's sharp drop in value has most Japanese companies scrambling to fill this year's allowances; market forces are working in Detroit's favor. Now is the moment to dismantle the quota system, and it may be the last opportunity. A recession would create irresistible pressure for still tighter curbs.

President Reagan needs to encourage Tokyo to end the curbs as "voluntarily" as it imposed them. He could do so with a clear proclamation that free competition in autos is best for America, and with a firm pledge to veto any countermove by Congress.

The Editorial Notebook

Armies in Transition

In South Korea, military officers, worried about an opposition victory, talk about blocking this week's elections. In Haiti, the military jingles electoral rules to protect its interests. In the Philippines, the leader of a military reform movement is captured after repeated plotting against the Government. Meanwhile, Argentina feels aftershocks from last spring's military revolt against human rights trials. Brazilian officers have defied civil authority to press pay claims. And Chile prepares for a plebiscite that could begin a transition from 15 years of military dictatorship.

There can be no stable passage to democracy unless civilian politicians and military leaders work out mutual problems. That means a changed role for civilian politicians, and for officers long at the center of political power. Civilians persecuted by past military regimes care little about military sensibilities. Militaries that see themselves as custodians of national honor do not easily bend to pluralist give-and-take.

But many on both sides have learned something from past mistakes and in some countries, the choice is no longer so stark as jackboots versus ballots. How can a politicized military recover professional values and political restraint? How will military prestige survive a retreat from power? Will officers face punishment for acting under orders or under a different legal regime? Will there be reprisals against military budgets, salaries and procurement? And of greatest importance, will the military stay in the barracks if the civilian regime faces a crisis?

These issues are now posed in Argentina. The Alfonsín Government may have overreached its political strength by threatening so many officers with trials. Perhaps it erred by not finishing the job sooner, while its strength was at a peak. Anxiety over trials now combines with a reformist challenge to politicized top officers, who are blamed for lost military prestige. Obedience along the chain of command is dangerously undependable.

Around the Globe, Colonels Seek A New Role

In Brazil, a nervous military blocked direct presidential elections three years ago and also avoided trials for human rights abuses. President Sarney now stumbles along without mandate or real constituency. Junior officers have begun to take matters into their own hands over pay, with sympathy from the generals on whose support an isolated government now depends.

In the Philippines, the same reform movement that was cheered two years ago for ignoring Ferdinand Marcos's orders went on to challenge Corason Aquino. Its vague program still includes the same demands that motivated the earlier revolt — higher pay, more effective counterinsurgency programs and less corruption. Col. Gregorio Honasan, now under military arrest, has won substantial sympathy from fellow officers, at the expense of civilian authority.

And in South Korea, officers who helped Chun Doo Hwan come to power in 1979 now worry about possible reprisals if their critics win Wednesday's election. Though both major opposition candidates promise reconciliation, the military remains ominously skeptical. Civilian-military conflicts can be resolved. In Greece, Spain and Portugal, democrats have shown they could punish military leaders for illegal acts, intelligently address pay and modernization needs, and avoid frontal attacks on military prestige.

Washington can help, as it has with warnings about military rule in the Philippines and Korea. Clear and repeated signals are needed to make Koreans forget past American tolerance for strong-arm coups. In Haiti, the Namphy junta still doesn't take seriously U.S. threats to cut off aid.

The critical decisions, however, will be made in the countries undergoing transition to democracy. Wise heads are needed to resolve when military and security concerns have a legitimate claim on the democratic process, and when bowing to them undermines constitutional rule.

DAVID C. UNGER

Letters

How to Retool the Weapons Trade

To the Editor:

At confirmation hearings on his appointment by President Reagan to be Secretary of Defense, Frank C. Carlucci told the Senate Armed Services Committee, "I don't think anything can be sacrosanct" (news story, Nov. 13). Times are tough and getting tougher in the weapons industries, you reported Nov. 16 (Business Day). With the stock market plunge adding intense pressure to the need to reduce the deficit, hungry eyes are turning to the military budget. The article describes how the budget squeeze will cause some weapons systems to be delayed, scaled back or even canceled. Some companies will lose contracts or not get new ones. The shrinking military pie will create a more competitive, less lucrative industry. Increased competition is one response within the industry. This will cost jobs.

However, there is an alternative to avoid the unemployment and community disruption brought on by the cuts. Economic conversion provides for the planned shifting of productive resources to change a military-dependent business into a more stable and productive one.

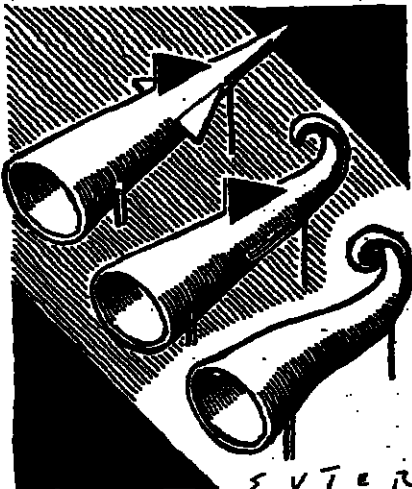
Pioneering conversion work is being done on state and local levels throughout our country. Minnesota has a state task force on economic conversion and a modest conversion-assistance program for military-dependent and other vulnerable industries. Such assistance could include job training, economic development and technical expertise.

The Connecticut General Assembly recently passed a bill mandating that state to look closely at broadening its manufacturing base. A task force has been charged with such duties as looking into ways the state can assist military-dependent companies to convert to nonmilitary production.

An economic-adjustment bill has been introduced into the Pennsylvania Legislature as well. The bill encourages hard-hit facilities, including military contractors, to create committees to plan diversification.

As a result of the passage of a nuclear-free ordinance in Chicago, an economic conversion commission has been created. It is assessing the extent of nuclear-weapons contracts in the city and will produce a report on alternative productive uses of these facilities by next spring.

We need to develop a capacity to deal with economic fluctuations. We



do not simply have to sit idly by and suffer the consequences of layoffs and dislocations. The conversion experience base being forged on the state and local levels will increase in value as the military budget decreases.

MEL DUNCAN

Minneapolis, Nov. 20, 1987

The writer is executive director of Jobs With Peace and a member of the Minnesota Economic Conversion Task Force.

Don't Give Guarantees To Aliens at Border

To the Editor:

Arthur Helton's proposal of full constitutional guarantees for aliens arriving at the border ("What's Fair for the Cubans," Op-Ed, Dec. 1) would be a lawyers' paradise, but the final capitulation of our tattered immigration enforcement.

His proposal advances our burgeoning rights industry to its ultimate expression — in effect, full constitutional protection, with multiple hearings, appeals and government-paid legal counsel for restless millions beyond our borders who would only have to reach United States soil.

Fortunately, Congress and the courts have had a clearer appreciation than Mr. Helton of what our social compact requires of us and of the immensity of world immigration pressures. If we learn anything from the seven-year Mariel boat-lift debacle, it is that the most effective, dependable and often most humane immigration controls are those applied at the border or through visa screening abroad.

DAVID E. SIMCOX

Washington, Dec. 1, 1987

Tax on Sale of Stations Would Help Public TV

To the Editor:

Prof. Thomas W. Hazlett ("Making Money Out of the Air," Op-Ed, Dec. 2) is certainly correct that it would be more efficient and better public policy if users of the broadcast spectrum were required to pay appropriate license fees. It is scandalous that an industry as established and profitable as commercial television should be subsidized in the form of free spectrum space.

Licenses acquired for the cost of legal fees are packaged with operating stations and sold for hundreds of millions of dollars. It is a giveaway that cries for reform.

But sometimes the best is the enemy of the good. There is no question that a license fee is the best policy, if the political will existed to implement it. But in the circumstances, the proposed tax on the sale price of a station is good enough.

U.N. Belt Tightening Affects Recruitment

To the Editor:

Senator Bob Dole's statement about the United Nations (news story, Dec. 1) contained references to the staff's "inflated salaries, lavish perks and generous retirement plans." The salaries of the United Nations staff and such agencies as the World Health Organization, Food and Agriculture Organization, International Atomic Energy Agency, have become so unattractive that many of the agencies, like W.H.O., or programs like the United Nations Development Program can no longer recruit the highly qualified people they need.

More and more member states — and the United States is among them — have to make supplementary payments to their nationals to encourage them to accept posts in the United Nations system. This is in violation of the principles of the United Nations Charter. In many duty stations, in Asia, Africa or Latin America, where staffs work under often difficult conditions, they are paid even less than they would be in New York.

We are expatriates, but are not provided with subsidized accommodations. We pay rents from our salaries,

We Have Willed This Suffering

To the Editor:

The title of Tom Wicker's column on the poor (Nov. 19), "Always With Us," obviously alludes to Deuteronomy and St. Matthew. It implies that today's homeless owe their plight somehow to fate or destiny.

It would be more useful to ask why there are more and more sad figures standing on our sidewalks hungry. The answer is the majority of voters have turned this country into the most brutal of democracies. We have willed this brutality at home, where we make a fetish of raw market forces, as well as abroad, where it turns into naked might — the accumulation of offensive hardware and now the manipulation of currency.

In a democracy, as opposed to both the Bible and Greek tragedy, suffering does not simply befall us as our lot. Without ballots we have turned against ourselves, willing social programs to be reduced to self-supporting funds, just as we have turned against everyone on the globe, willing a preposterous overkill defense.

The usual response is sentimentality — the thoughtless man's inane substitute for justice. What one is entitled to expect from an adult is, instead of guilt feelings, an examination of who willed things to become this way; instead of the soul's Band-Aid called "compassion," the recognition of collective responsibility; instead of the convenient blindness to self-incurred brutality, eyes open enough to see the most obvious relations between causes and effects. The next time one of these freezing characters asks you for a dime, say to yourself: the American people got their way.

REINER SCHURMANN

Professor of Philosophy

New School for Social Research

New York, Nov. 29, 1987

which have been frozen since 1984. Our career prospects are limited, and at age 60 we are forced to retire, though because of the high level of competence required, most of us join late in our careers and get only modest pensions. Pension entitlements have been reduced since 1984.

Many organizations face financial difficulties because of nonpayment of contributions by the United States under its Charter obligations. There is a recruitment freeze in some organizations, which hampers their ability to combat disease, implement food and agricultural programs, and regulate safety in international air travel. The political leaders of this country should be aware that an international "civil service" cannot be built overnight. A day might come when the United States will deeply regret that the United Nations and its agencies no longer have the competent, dedicated staff that has contributed to progress achieved in many sectors in the second half of this century.

FRANCOISE SALA

President, Federation of

International Civil Servants Assn.

New York, Dec. 4, 1987

Neologisms March On

To the Editor:

It is no surprise that a senior critic such as Harold Schonberg would take a dim view of English neologisms (Critic's Notebook, Dec. 7). But the use of "premiere" and "debut" as verbs can scarcely be considered recent. Lexicographers have recorded the use of premiere as a verb in 1933, less than half a century after it premiered in English as a noun. And debut debuted as a verb no later than 1890 — many years before even Mr. Schonberg was born.

Such conversion as this of nouns to verbs is a highly productive derivational process. Fulminations of usage mavens will have as much effect in stopping it as a pick-and-shovel brigade would have in stopping continental drift.

JAMES RADER

New York, Dec. 7, 1987

The writer is etymology editor of the Random House Dictionary.

Book Theft Is a Well-Established Business in New York City

To the Editor:

Your article about cut-rate bookstands on the sidewalks of New York (Nov. 27) was welcome. What also needs telling is the truth about the extent of bookstore theft by professionals and its consequences.

For many years, I purchased books for and managed large bookshops in the Rockefeller Center area and in the World Trade Center. When I was first alerted to the rings of professional book thieves I was stunned, appalled, enraged and frustrated.

Some thieves have special pockets made in coats or jackets to hold what we term in the trade a "pocket of books," that is, five or six copies of a title. These men are slick. They wait for an opportune moment and are in and out, often with as much as \$500 to \$1,000 of books at a clip. Often they enter a store with two sturdy book carts. It is easy to pack up an entire display in less than a minute and run out, alarm system and all. They are brazen, often taunting the helpless bookstore personnel, thumbing a

nose, leering, waving from outside before making a hit.

Some have more than 100 arrests. They get off, so police action is mostly a lost cause. Before Brentano's closed, the head of security gave me his rogues gallery of photos of the top 10 pros in the area. I posted the photos near the door. One of my regulars stopped by to tell me the picture of him was not flattering. Once I shouted, "Stop you rotten thief!" The retort was: "I am not rotten. I am the best!" Because these thieves follow patterns, most bookshop managers telephoned one another with an alert about a thief's impending arrival.

When I pass these bookstands on the street and see a pile of three, five, six copies of a book from a reputable

publisher, I am certain this is stolen merchandise. It is sickening that it is permitted. This is not, as one of the vendors you quote says, freedom of the press. It is street robbery. It has contributed greatly to putting legitimate booksellers out of business.

Book thieves have their own best-seller lists. All in hard cover. Webster's Collegiate Dictionary, "The New York Times Cookbook," fiction and nonfiction new releases, "The Joy of Sex," pop-ups, Dr. Seuss books, expensive art books, new, remaindered or reprints, photography reprints, cookbook reprints.

I hope the public will cease abetting criminals and buy books in bookstores.

CAROL SHEDLIN

New York, Nov. 29, 1987



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Foundation Stone, Stepping Stone

By George P. Shultz

The signing ceremony for the treaty on intermediate-range nuclear forces was a moment filled with potential for the future. Such moments are to be savored, and then we return to the realities of the tough work still to be done.

That is what President Reagan and General Secretary Mikhail S. Gorbachev did.

Within an hour after the ceremony, they were in a deep discussion on other key arms control issues, human rights and regional problems. When the working groups meeting at the State Department convened again that afternoon, everyone seemed to feel that the conclusion of the treaty had added something new to our exchanges on these difficult issues: a sense of satisfaction that a key objective had been reached.

The completion of the treaty tells us four important and encouraging things:

1. Our defense strategy is not only fundamentally sound but effective. The treaty embodies the two basic principles of our defense doctrine: stability through strength and America's enduring commitment to allied security. What was not possible in the 1970's became possible today because we are strong and our alliance is solid.

2. Negotiations can work. Yes, past agreements have proved unsatisfactory. This agreement demonstrates we can learn from past mistakes. It is an unsparring document. Its nuts and bolts are fastened tightly.

3. The treaty has opened doors (not windows of vulnerability). It has opened new possibilities for improving international security. And it has removed concrete as well as conceptual barriers to the eventual achievement of greater strategic stability at progressively lower levels of offensive arms.

4. The arms reductions provided for in the treaty have opened a healthy debate here and in Europe. Progress always brings change and the need for readjustment. We and our allies must think together about how we can continue to assure the freedom and security of our nations while reducing strategic offensive nuclear arms.

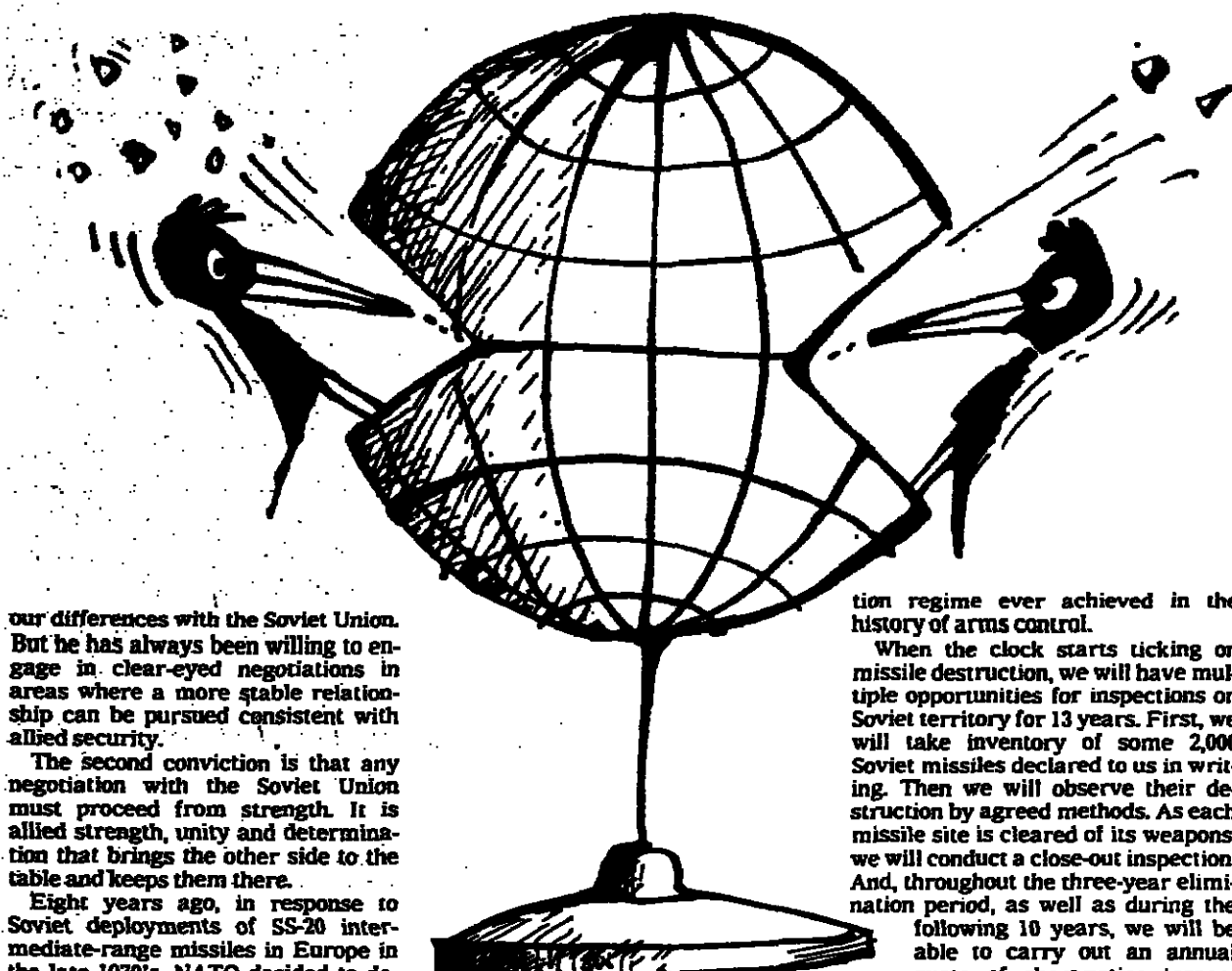
Our North Atlantic Treaty Organization alliance fully understands that the Soviet Union continues to pose a great threat to the security of the free world and its values. Our political resolve must remain constant and our defense robust. At the same time, we and our allies know that arms and arms agreements alone do not insure our security. That can only come when the deep distrust that gives rise to conflict is removed. That is why we attach so much importance to the human rights obligations undertaken in the Helsinki Final Act.

As we look at America's broad defense strategy, we can see that the treaty is both a foundation stone and a stepping stone.

From the beginning of his Administration, President Reagan has proceeded from three basic convictions about arms control: convictions that are shared by the vast majority of the American people:

First, the nuclear era demands that we pursue an effective dialogue with the Soviet Union — one based on strength and realism. Every successful negotiated document must meet the needs of both parties. Hard common ground has been found, not a lowest common denominator. The President is under no illusions about

George P. Shultz is Secretary of State.



our differences with the Soviet Union. But he has always been willing to engage in clear-eyed negotiations in areas where a more stable relationship can be pursued consistent with allied security.

The second conviction is that any negotiation with the Soviet Union must proceed from strength. It is allied strength, unity and determination that brings the other side to the table and keeps them there.

Eight years ago, in response to Soviet deployments of SS-20 intermediate-range missiles in Europe in the late 1970's, NATO decided to deploy Pershing 2 and ground-launched cruise missiles. Then, in 1981, President Reagan proposed the "zero option" to eliminate intermediate-range nuclear forces.

We and our allies hung tough with our decision. We began deployment in 1983, despite Soviet efforts at intimidation, a year-long walkout from negotiations and considerable public opposition in Europe. Our resolve brought the Soviets back to the table in 1985. Building on this successful model, if we display the same resolve

The I.N.F. treaty opens new doors.

and strength, there are real prospects for success in our negotiations on strategic weapons.

The third conviction that has guided negotiations is that negotiated results must not diminish our security or that of our allies but strengthen it.

No agreement — let alone the I.N.F. treaty, with its focus on one class of missiles — is a panacea for the Soviet threat. But it represents a significant first step in the direction of stabilizing arms cuts — not just caps or regulated buildups — and that is a major strategic objective of our alliance. Every step of the way, we have consulted with our friends — including Japan, Australia, and South Korea as well as NATO. Every comma and every detail of this treaty has been scrutinized by our technical experts.

The treaty has helped to strengthen the North Atlantic Treaty Organization's commitment to our current strategy of collective defense and flexible response. We are continuing to work to meet our conventional and nuclear modernization requirements. In the meantime, we have enough

nuclear capability to provide NATO with nuclear options across the full spectrum of graduated response — from short-range cannon and ground-launched missile systems to intermediate-range weapons delivered by aircraft and ships — in addition to strong and modern strategic forces.

Of course, the "coupling" of the United States to the defense of Europe does not depend on the deployment of one or another type of military hardware.

It is founded on the recognition that the security and well-being of the United States and Europe are inextricably linked — and those ties remain firm on both sides of the Atlantic. There can be no stronger expression of our commitment to the defense of our allies than the continued presence of our servicemen and women on European soil.

The treaty meets the rigorous criteria originally set by the President and our alliance partners.

In accordance with their exacting standards, the agreement provides for equal rights and limits between the United States and Soviet Union.

Achieving such equality has meant Soviet acceptance of asymmetric reductions. Roughly four times as many Soviet warheads on deployed missiles will be eliminated for every American warhead — a precedent that could be valuable in future negotiations on conventional arms.

In addition, the agreement covers only American and Soviet systems (not British or French nuclear forces or the cooperative defense arrangements we maintain with our allies). The treaty in no way constrains NATO's conventional defense capability or the carrying through of improvement programs already under way.

Furthermore, we insisted from the outset that an I.N.F. agreement be global in scope. There can be no transfer of the threat from Europe to Asia. Again, by hanging tough we got the Soviets to go to zero in Asia, without eliminating or restricting a single American system in Asia. And because we cannot afford to rely on trust in dealing with the Soviet Union, the treaty contains the most detailed and comprehensive verifica-

tion regime ever achieved in the history of arms control.

When the clock starts ticking on missile destruction, we will have multiple opportunities for inspections on Soviet territory for 13 years. First, we will take inventory of some 2,000 Soviet missiles declared to us in writing. Then we will observe their destruction by agreed methods. As each missile site is cleared of its weapons, we will conduct a close-out inspection. And, throughout the three-year elimination period, as well as during the following 10 years, we will be able to carry out an annual quota of short-notice inspections at any of approximately 100 Soviet facilities to insure treaty compliance.

In addition, we will station around-the-clock inspectors at the Soviet factory where the now-banned SS-20 missile was assembled and the similar intercontinental SS-25 continues to be assembled. For the first three years, verification will be improved by the requirement that the Soviets display their missiles in the open at new SS-25 bases several times a year, at times of our choosing.

In sum, the I.N.F. treaty carries positive implications far beyond its substance, but it can stand on its substance alone.

When the Senate exercises its constitutional powers of advice and consent, the treaty's intrinsic merits will argue for themselves.

I believe that the Senate will recognize a good deal when it sees one. The Administration is eager to work with the Senate to scrutinize this treaty from every angle. We are confident that the outcome in the Senate will give our allies the answer they are waiting for, reaffirm the importance of negotiations to solve tough problems and open a new chapter in the effort to strengthen global stability.

ESSAY | William Safire

The Fawning After

WASHINGTON Here is the central fact of the recent summit meeting: Mikhail Gorbachev spent only 330 minutes in so-called working sessions with Mr. Reagan (including lunch) but spent 420 minutes in hard-selling the new Soviet line to awe-struck celebrities, ga-ga politicians and businessmen, tongue-tied media executives and a frustrated press corps.

The Russian kept the American President cooling his heels for an hour as he pressed the flesh of passers-by. Mr. Gorbachev's fellow campaigner, George Bush, posed for a dual-candidate victory wave, then stood beaming at the edge of the crowd, basking in reflected glory.

The Vice President, long the Chief Mourner at world-class funerals, was surely the Chief Fawner at this summit. Not only did he bring his Iowa and New Hampshire political operatives to a breakfast love-feast with Mr. Gorbachev, Mr. Bush wooed Iowa farmers by assuring the Soviet leader that the American taxpayer would continue to subsidize grain sales: "I know of no one... who might head a future administration who would advocate using grain as a weapon." Mr. Gorbachev then helped Mr. Bush's Iowa campaign by ordering soybeans.

The Communist leader, by the way he chose to spend his time, made clear he considers Mr. Reagan only temporarily relevant. Because Senator Sam Nunn has blocked testing of a space shield permitted by a broad interpretation of the ABM treaty, Mr. Gorbachev was able to go along with a summit reference to that treaty "as signed" and not, as the Russians originally wanted, "as signed and ratified" — which would have meant "as Senator Nunn narrowly interprets it."

That issue is postponed, not "resolved," as the President first thought. And despite White House protestations to the contrary, the man from Moscow succeeded in making arms control the central issue — indeed, the only negotiated issue — at this summit. Human rights, Afghanistan, conventional reductions, our bugged embassy in Moscow — all were raised by us only to be dismissed by them. In the end, the agenda was the Soviet agenda: Mr. Reagan signed one arms-reduction treaty and agreed to a deadline for a Moscow summit that pressures him to make concessions on another.

With all this going in Mr. Gorbachev's favor — dominating conversations, going over the President's head, limiting progress to his only interest — the Soviet leader proceeded to overplay his hand.

It happened in his endless "news conference." The entire affair was broadcast by Cable News (thereby

making up for the way CNN's Ted Turner made a fool of himself at the media big-shots' audience). Like Captain Queeg on the witness stand, Mr. Gorbachev became overconfident; his boorish, domineering side took over, and peace-loving Dr. Jekyll was replaced by dissent-crushing Mr. Hyde.

He exhortated the reporters for even thinking of asking about the skull-cracking of dissidents who tested his adherence to the Helsinki treaty. "We have not 4,000, not 2,000, not 500, but only 22 individuals who are imprisoned in our country" for such activity, he said, compounding this lie with "there are only 22 persons who have been refused permission to leave."

Tell that to the thousands of refuseniks persecuted for their religion, as glasnost encourages organized anti-Semitism. He worked himself up to hurl defiance at a crowd that had not defied him: "No matter what you say, no matter what you shout at us, we shall not let them go..."

His bullying diatribe, triggered by his own bottled-up resentments, went on and on; finally he permitted questions, deriding the raised hands as

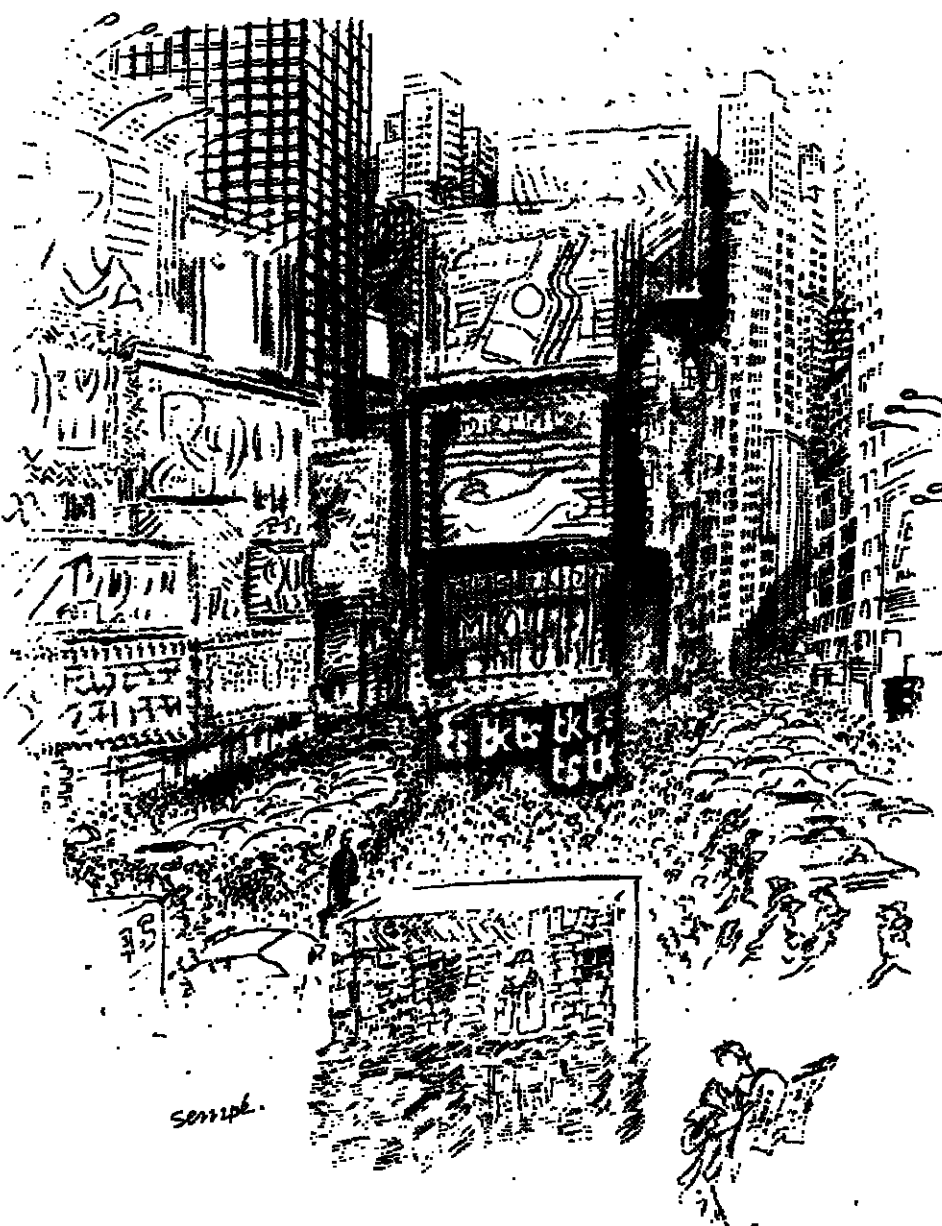
'We shall never let them go...'

"this auction," and then contemptuously brushed the questions aside.

What of his adversary, who is supposed to represent human freedom? He has just changed his world view. To a group of favored pundits, Mr. Reagan revealed a turnaround in his lifelong opinion of the Soviet Union's expansionist mission: "In the past, Soviet leaders have openly expressed their acceptance of the Marxian theory of the one-world Communist state... he is the first and only leader that has never affirmed that."

After hearing what he wanted to hear in what Mr. Gorbachev has not said, our President radically changed his assessment of the Soviet Union's goal. "I no longer feel that way," says Moscow-or-bust Mr. Reagan.

His overnight abandonment of realism — his notion that a change of line and style marks a basic change of purpose — suggests that Mr. Reagan has slipped his strategic moorings. In the absence of progress on modifying aggressive Soviet behavior, the President should forgo another summit meeting limited to the subject that most suits Soviet interests. □



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utes to every message it carries. Elevating it, framing it, separating it from the crowd.

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So maybe, after all these years, McLuhan was right. The medium is the message.

These times demand The Times.

The New York Times

ABROAD AT HOME | Anthony Lewis

'Knowledge Is a Good Thing'

BOSTON Self-confident and charming. Defensive and truculent. The Mikhail Gorbachev we saw was both those men.

Our image of Soviet leaders operating behind walls was shattered by this figure leaping out of his limousine to shake hands on a Washington street. What could show more self-confidence than a Russian ready to play politics by American rules, pressing the flesh, working the cameras? Face to face, he charmed even conservatives.

But when he was asked about human rights, he bristled. "We're not going to let the Americans lecture us," he told a gathering of publishers and editors. "Why doesn't the American Administration trust 280 million Soviet people who made their choice [of government]?" And again at his final press conference: "The Soviet people made their choice in 1917."

The two Gorbachevs are both realities, and we are going to have to reckon with them. We must try to understand why and how they coexist.

When Mr. Gorbachev says his people "made their choice in 1917," he is not likely to persuade most Americans. The Russian Revolution was carried out by a small disciplined minority. In our sense of democracy the Soviet people never have had a choice: a free election.

The United States Constitution was written, as it happens, by a small elite group of men. But they took extraordinary steps to test public acceptance of their work. Each of the 13 states had its own convention to decide whether to ratify the Constitution, and some were closely divided. The day Mr. Gorbachev came to Washington, Dec. 7, was the 200th anniversary of the first state ratification, Delaware's.

The duality of Mikhail Gorbachev.

Could it be, then, that some subconscious doubt about the Soviet system's legitimacy explains Mr. Gorbachev's defensiveness? That is a natural thought for Americans, given our history. But those who know the U.S.S.R. well see no such self-doubt in the leadership. They offer another explanation.

David K. Shipler was the Moscow correspondent of The New York Times for years. In his book "Russia: Broken Idols, Solemn Dreams" he describes a time he was among passengers waiting to get on a plane in Soviet Central Asia. A stewardess made them stand in the rain while she checked their tickets. Finally an elderly man asked whether she couldn't check them inside the plane. She began screaming at him: "Anarchy, anarchy."

From czarist times in Russia, power has looked fragile to those at the top — no matter how formidable it looked from the bottom. There has been a fear of instability, of anarchy. That stewardess, Mr. Shipler said, was genuinely frightened by the idea of changing her routine.

And so today the notion of free debate, of diversity, may arouse fears of anarchy in the Soviet Union. And not only among those who exercise power: the fear runs deep in the culture.

There is another phenomenon that bridges czarist and Soviet Russia, an ambivalence toward the West: "We're

better than you, but we envy you." To be treated by foreigners as morally flawed, to be pressured by them, is a matter of extreme sensitivity.

In those terms it is possible to understand how a man who seems so at ease with himself as a politician, and so ingratiating, can give angry and unconvincing answers on human rights — for example, that all those kept from emigrating know state secrets, or that the West is trying to organize a brain drain. Mr. Gorbachev cannot be seen, at home, as if he were being pushed around on the issue.

It is probably true, too, that he simply does not understand American feelings about human rights. He really seems to believe that anyone who raises the question, journalist or Congressman or whoever, does so only to score a political point.

Of course the misperceptions, the cultural sensitivities, do not run only one way. Americans find it hard to understand that Russians, and others, may be sincerely shocked at the disparities of wealth and poverty in this country — or that not every U.S. intervention in Latin America or Africa is regarded as beneficent.

All this makes the success of this summit meeting the more striking. Two systems and two leaders who are so different manage nevertheless to find common ground. We even saw something familiar in Mr. Gorbachev: a tough politician with a sure enough sense of self-interest to deal.

But it would be good if this meeting could begin to widen our understanding, too. At his press conference Mr. Gorbachev welcomed the fact that in military affairs each side now knows so much about the other. "Knowledge is a good thing indeed," he said. That is not only true of weapons. □

A Cold Winter on Wall Street

Brokers and investment bankers are being squeezed hard, but clients are unlikely to be hurt as the industry contracts.

By ALISON LEIGH COWAN

Mayor Keith L. Gillins wants to know if there is an investment banker in the house. Fillmore, Utah, the city he runs, needs a new pool where children can learn to swim; the old one, he said, is "pretty dilapidated."

His problem is raising the money. Government grants are scarce. And until Congress revised the tax code, he might have been able to tap the tax-exempt markets. That's now "out of the question," he sighed.

With most of Wall Street retrenching, awash in red ink from a colicky stock market, Mr. Gillins is beginning to despair of ever getting Wall Street's attention. Like many smaller users of financial services, he may be in for a rough ride if consolidation on Wall Street — mergers of firms, layoffs of hundreds of people — continues at the stampee pace of the last couple of months, as most people expect.

The reverberations from the cutbacks will be felt even by larger customers; most will keep getting financial services that used to go along with it. Others, especially small municipal projects or startup ventures, may see their access to the capital markets pinched. And small retail investors who are clients of large retail firms may see the service get more impersonal.

Perhaps most important, the entire financial marketplace may be at greater risk if a handful of market-makers or specialists — the traders entrusted with making orderly markets in assigned securities — end up with too big a slab of volume. If any one of them got into financial trouble, the market could conceivably be brought down, too.

But over all, the churning inside Wall Street's brokerages and investment banks has not proved cataclysmic to people outside the financial district and New York City's economy. As the stock market rose and these firms made out like bandits, few outside Wall Street shared in their enormous wealth. Now, as Wall Street whittles, its clients and the economy seem pretty well insulated. Not are things likely to get so out of hand that it will begin to make a big difference to most people.

Retrenchment is not a new phenomenon in the brokerage industry, which typically shrinks when the market hits hard times. In fact, Wall Street is probably far better prepared now than it was the last time the industry underwent a major consolidation in the early 1970's. Firms have a much broader portfolio of products to peddle and are therefore less vulnerable to the vicissitudes of any one market. Stronger ties in global markets have also increased the customer base — and the amount of capital — that can pour into the system. And the outlook for corporate earnings is quite bullish.

"I don't think business on Wall Street has come to a screeching halt," said Samuel L. Hayes 3d, a professor at the Harvard business school. "Business continues to go on. Firms have 6,500 employees working 12-hour days and that hasn't slackened off."

To fully appreciate how consolidation has reshaped Wall Street, thumb through the financial pages of an old newspaper.

A 1956 advertisement honoring the Ford Motor Company, for instance, featured many of the 722 firms that participated in its first public stock offering. Kuhn, Loeb, White, Weld, Lehman Brothers. "My guess is there are only 50 of them still in business in the same form," said Harold Tanner, a 30-year veteran in investment banking.

The most recent companies to go out of business or to be sold, of course, were victims of October's stock market rout. But the consolidation sweeping through Wall Street — which eliminated firms and created several financial service giants — began in earnest long before October. Some trace it to Donaldson Lufkin Jenrette's 1970 decision to go public, which was imitated by nearly every other private partnership on the street. The switch made even the most pristine firms vulnerable to takeovers if their earnings faltered.

Washington did its part in forcing major change on Wall Street. It opened brokerage commissions to competition in May 1975, and in 1983 it approved "shelf registrations," which cut the time and paperwork required to bring a security to market. The new simpler rules forever altered what was a gentleman's business. No longer would a firm get a chunk of business — or its asking price — simply because of longstanding ties.

October's market jolt claimed some big names: E. F. Hutton agreed to be bought by Shearson Lehman, itself a unit of American Express. L. F. Rothschild put itself up for sale, though it is unclear whether a buyer will surface. Several specialist firms also went up for grabs.

But if the experience is nothing new, that does not ease the pain for many in the industry. Several thousand professionals have already lost their jobs and there are no signs that the pink slips are letting up. "Some of the bigger cuts may come later rather than earlier," said Ernest Bloch, author of the book, "Inside Investment Banking." "There's a kind of institutional inertia where it's the personnel people who do the recruiting and they want to keep their jobs. So they want to look busy and that maintains the momentum."

But the concentration of power has had minimal effect so far on pricing and competitive dynamics. And in a year when the Federal Government has shown some vigor in enforcing antitrust laws, regulators have made no public outcry against mergers between financial giants.

That's fine with major Wall Street

financial firms, is not concerned as long as a standardized test and a modest amount of capital constitute the only entry barriers into the profession. That way, he said, foreign firms, commercial banks and those who are laid off can easily replace some of the institutions that are sold or go out of business.

But Jeffrey M. Schaefer, a researcher with the Securities Industry Association, warns that the proliferation of startups is deceptive. "What you lose in looking at numbers is the disappearance of a few very large firms like a White Weld or Lehman or A.G. Becker. No matter how many new firms come into the industry, you never capture that," he said.

Indeed, while the number of firms registered with the National Association of Securities Dealers has more than doubled between 1977 and 1986, the number of Big Board firms doing a public business, which tend to be larger, has essentially been flat.

As the consolidations continue, corporate clients are probably in better shape than municipal issuers. But service is deteriorating and small business is getting jittery.

"I think there is a real capital

edge products such as derivative securities, whose applications are still being discovered. But the firms may do the rest themselves if, in their haste to improve the productivity of the workforce, they prune the people who come up with new ideas.

Even if firms do not cut back on the dollars they devote toward research and development, Mr. Tanner, now runs his own investment boutique, Tanner & Company, thinks that one danger of consolidation is that it stifles creative thought.

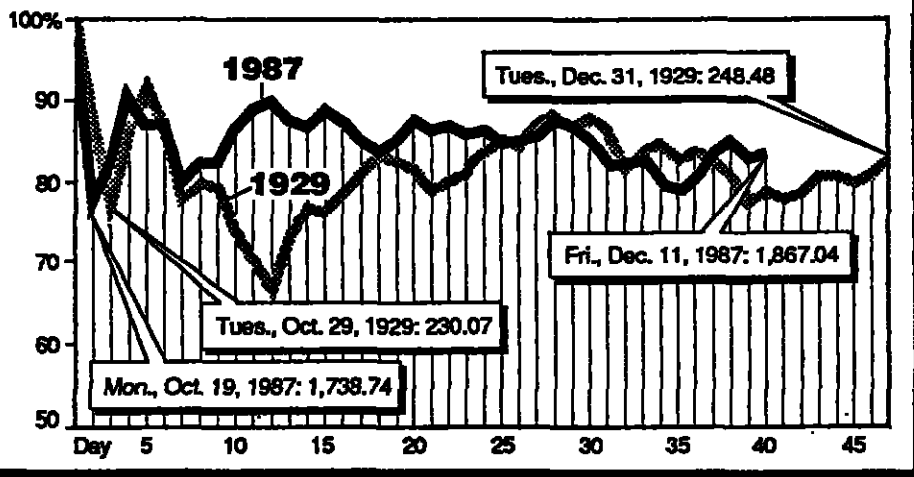
"Historically," he said, "whenever these firms have been owned by large organizations it's been difficult to maintain the same level of entrepreneurial activity. And now there are the risks that you will not attract the same type of entrepreneur that you had before or that the firms will operate on a bureaucratic basis."

One corner of Wall Street where consolidation raises some scary questions is at the floors of the major exchanges and in over-the-counter trading. They are almost invisible to the trading public, but the specialists on the exchanges and the firms that make markets by buying and selling

The Dow Jones: Today Versus 1929

The daily closes of the Dow Jones industrial average, indexed so that the starting points equal 100 percent, thereby showing the day-by-day percent recovery of the Dow. For 1929 (gray line), the starting point is Saturday, Oct. 26, when the Dow closed at 298.97. For 1987 (black line), the starting point is Friday, Oct. 16, when the Dow closed at 2,246.74.

Source: Advest Inc.



firms. They believe customers will not be hurt by the consolidation because competition has never been keener. "There's enough of a market out there that if one or two people disappear or five or 10 people disappear, it won't affect people at all," said James E. Cayne, co-president of Bear Stearns.

Joel R. Mesznik, a municipal finance specialist at Drexel Burnham Lambert, pointed out that competition has not eased yet, and that "the street is still killing itself trying to supply capital."

There are also plenty of people who believe consolidation only purges weaker firms from the system and enables stronger ones to enjoy economies of scale and plumper spreads. "Maybe what comes out of this is a healthier environment," said John F. Perkowski, head of investment banking at Paine Webber.

Perrin Long, an analyst at Lipper Analytical Services, said concentration has stabilized competition in other industries. "For the average person, I don't think there's any reason to be concerned," he said. "The average person is not concerned that we only have three major automobile companies, three cereal companies and three major networks."

Lowell Bryant, a McKinsey & Company consultant who specializes in

formation crisis on the horizon, particularly for smaller business," said Brian Carty, executive director of the Massachusetts Industrial Finance Agency, which issues bonds for pools of small and midsize companies.

Financings that two months ago were "no-brainers" are now almost impossible to do, he complained, mainly because the market collapse has prompted bondholders to insist on dealing with only the best-capitalized borrowers, and underwriters are doing less prospecting for new business.

"In the past, underwriters have been delighted to work with us," he said. "With the market retrenchment and consolidation, my fear is they will overlook this end of the market and stay with bigger transactions."

Even larger clients can detect fine changes in the price and the level of service they receive. Some firms are charging more for bridge loans, which tide acquirers over until they can raise capital in the public markets. And institutional investors are paying more in trades where firms must use their own capital to facilitate the transaction.

It has not happened yet, but corporate and municipal customers might also see a decline in innovation. Regulators may outlaw certain cutting-

particular securities have a profound influence on the market.

The events of October made it painfully clear that the specialists and the marketmakers, while well-equipped to deal with ordinary trading days, can be overwhelmed by the kind of volume surges that have occurred. Some of the arranged marriages made in the days following the crash brought deeper pockets to the exchanges and the prospect of more such mergers is welcome by many.

Kenneth R. Leibler, president of the American Stock Exchange, said he would not be surprised if the number of specialist firms on his floor dropped to 12 from 24 over the next couple of years as the need for capital grows.

"Less than a dozen would begin to give us concern," he said. "But the percentage accounted for by any one of them is of more concern than how many there are in total."

Both the New York and American exchanges monitor the market share held by their specialists to insure that no one firm can cause a market meltdown. But October forced some tough decisions. For instance, American Stock Exchange guidelines bar acquisitions that would leave a firm with more than a 15 percent share of trading volume. Spear Leeds & Kellogg's October agreement to purchase Santangelo & Company, which was running out of capital at the time, looked like it might put the firm over, but the exchange approved the buyout.

"On October 19 we were not going to schedule a meeting and debate the issue," said Mr. Leibler. "It was an emergency. But as an ongoing matter, we'd like to take the time to review those more carefully."

The mergers raise similar issues in the over-the-counter market, as the consolidation chisels away at one of its key sales points: multiple marketmakers are better than one. Shearson's purchase of Hutton is an example. Both firms make markets in 400 of the same over-the-counter stocks. Now those stocks will have one fewer marketmaker.

Joseph R. Hardiman, president of the N.A.S.D., said he is not troubled by a slight drop in the number of firms that stand willing to buy or sell a particular security.

"If we reduced our marketmakers by 10 or 15 percent, but the remaining marketmakers are well-staffed, well-capitalized and committed, the process will have been strengthened, not weakened," he said.

Small investors are not happy about the trend toward larger and larger retail firms. They are not thrilled about getting the same recommendation as thousands of other clients. They say firms focus on richer and richer prospects. But they can always seek out smaller brokerages.

The handwriting over Wall Street's consolidations seems most justified on the municipal side of the business. That side was already reeling from sweeping changes in the tax code, which eliminated many tax breaks that municipal issuers and bondholders had enjoyed. "There are a lot of services provided by municipalities through raising tax-free money that they can no longer provide," said Evelyn Wolff, an associate director at Bear Stearns.

Mr. Mesznik, the Drexel specialist, said he thinks the financings will get done — but their cost will rise because they will have to be designed as taxable securities.

The Economy

WEEK IN BUSINESS

The Trade Deficit Comes in a Shocker

The trade deficit jumped to a record \$17.6 billion in October, with imports rising by 12.3 percent while exports edged up only 3 percent. The gap was much worse than had been predicted by the experts, most of whom were expecting it to be no worse than \$15 billion. October is a big month for importing Christmas goods, but there were signs that the report could not be dismissed as a seasonal quirk. For example, automobile imports from Japan rose by 33 percent over the September figure and cars from other nations had a 41 percent jump. The deficit with Japan climbed to \$5.9 billion, from \$4.6 billion in September, and with Western Europe it soared to \$3 billion, from \$1.7 billion.

The week's other numbers showed no change in wholesale prices for November, compared with a drop of two-tenths of 1 percent in October. Retail sales posted a paltry rise of two-tenths of 1 percent in November, but at least the number was positive. Revised figures had October sales declining nine-tenths of 1 percent and September's down 1.7 percent.

The Texaco-Pennzoil dispute seemed to be approaching a resolution. Pennzoil and a committee representing Texaco shareholders agreed on a plan under which Texaco would pay Pennzoil \$3 billion in cash. A Texas jury in 1984 had ruled that Texaco should pay Pennzoil \$10.3 billion because Texaco's acquisition of Getty Oil had thwarted a deal between Pennzoil and Getty. Since then, Texaco has filed for bankruptcy protection to avoid putting up a huge bond. Any settlement will require approval of Texaco's creditors and two-thirds of its shareholders. Among the latter is Carl C. Icahn, the chairman of Trans World Airlines, who told regulators that he wants to increase his Texaco holdings from 12.3 percent to more than 25 percent. Mr. Icahn is believed to be deeply involved in the continuing efforts for a settlement.

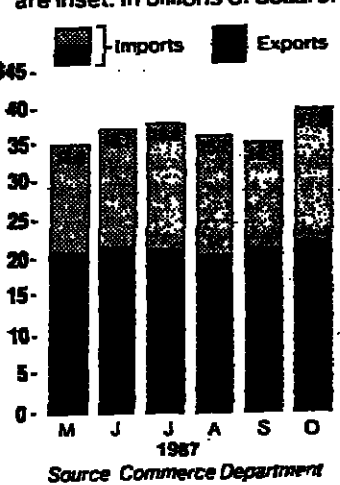
Kodak and Fujiwa will combine their photofinishing operations in a joint venture to be run by Fujiwa's Colorcraft division. The combination would have more than 25 percent of the American photofinishing market and revenues of about \$600 million.

OPEC ministers struggled to set a policy on oil prices and production levels in an atmosphere made harsh by the Persian Gulf war. Iran, needing money to fight Iraq, insisted that the official \$18-a-barrel price be raised by about \$3. Iraq demanded that its production quota be increased by 800,000 barrels a day to match Iran's. Beyond that, OPEC was grappling with widespread cheating on production quotas by its members. Market experts said that unless OPEC can establish firmer discipline, oil prices by spring could tumble as low as \$12. In the futures market, prices hung at \$18 to \$18.50.

Stocks had solid gains that managed to survive even the bad news on trade. Thursday's trade-deficit report produced a 50-point loss that halted a three-day, 135-point rally in the Dow Jones industrial average. Just the week before, the market had been testing its October lows in an atmos-

Record Trade Deficit

The total bar lengths represent imports. Exports are black. The excess of imports over exports is the deficit and deficit amounts are inset. In billions of dollars.



The New York Times, Dec. 13, 1987

phere heavy with gloom. For the week, the Dow gained 100.3 points, to 1,812.17. The 5.5 percent rise was, somewhat surprisingly, the largest weekly percentage gain ever.

The credit market was much more distressed by the trade report, with the long Treasury bond losing \$20 per \$1,000 of face value, to yield 9.4 percent. The biggest reaction, though, was in the currency markets where the dollar sank to levels not seen since the late 1940's. Gold prices went back above \$490 an ounce.

Pan Am has a tentative accord for a merger of its airline with Braniff. The accord was conditional, hinging largely on getting Pan Am's unions to agree to concessions totaling \$200 million a year for four years. The unions are known to be divided over whether they want to join Braniff.

British Airways offered \$360 million for all of British Caledonian Airways in response to Scandinavian Airlines System's offer to buy 26 percent of Caledonian for \$200 million. Separately, the European Community approved an air-travel deregulation package that is expected to lower fares on flights within Europe as much as 15 percent.

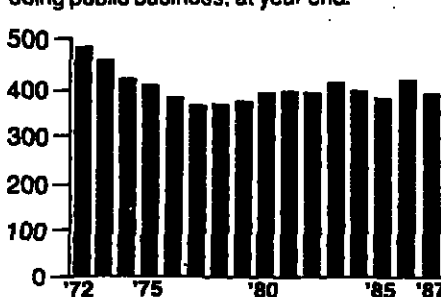
A bigger capital base for banks was proposed by 12 of the world's central banks, including the Federal Reserve. The plan calls for regulators to require banks to bring their reserves up to 8 percent of assets by 1992, compared with the 4 to 6 percent that now prevails. Higher capital levels provide a cushion for banks in rough times. Setting an international regulatory standard would address the complaints of some banks, especially in the United States, that some countries have looser rules that give their banks advantages.

Miscellaneous. G.M. and Toyota said they will merge their manufacturing operations in Australia, causing G.M. to close an assembly plant there. Santa Fe Southern Pacific ended talks about its possible acquisition by the Henley Group because it could not get the price it wanted.

Wall Street Before the Fall

The Number of Big Board Firms Varied Only Slightly

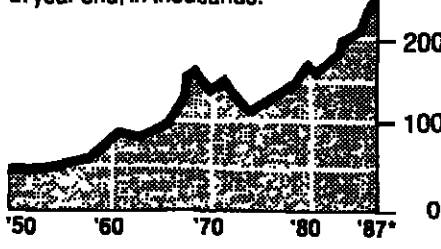
Number of New York Stock Exchange firms doing public business, at year end.



*As of Sept. 30 Source: Securities Industry Assoc.

The Workforce Expanded, But Not Continuously

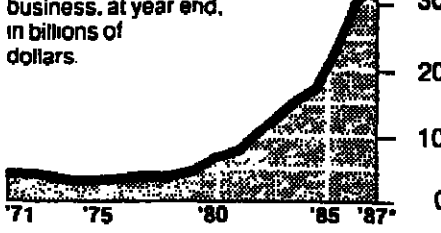
Total personnel of all New York Stock Exchange member firms, at year end, in thousands.



*As of Sept. 30 Source: Lipper Analytical Services

Capital Skyrocketed in the Eighties

Total capital of New York Stock Exchange firms doing public business, at year end, in billions of dollars.



*As of Sept. 30 Source: Lipper Analytical Services

The New York Times, Dec. 13, 1987

The New York Stock Exchange

MOST ACTIVE STOCKS

WEEK ENDED DECEMBER 11, 1987

(Consolidated)

Company Sales Last Net Chng

Pace GE 51,801,300 18% + 1/2

Det Ed 39,139,000 13% + 1/2

McDell 18,407,000 14% + 1/2

USFG 15,848,800 29% + 1/2

Gen El 10,032,400 43% + 3/4

IBM 8,854,200 110% + 2 1/2

Peop En 8,705,200 15% + 3/4

ATAT 8,312,300 27% + 1 1/2

Exxon 7,143,800 39% + 3

E Kodk 6,481,200 45% + 1 1/2

Chlper 6,467,800 17% + 1/2

A Exp 6,485,600 21% + 1/2

Texaco 5,952,300 35% + 4 1/2

Phil Mr 5,926,200 89% + 5 1/2

Hutt EF 5,676,400 28% + 1/2

MARKET DIARY Last Prev.

Advances 2,280 241

Declines 712 1,810

Total Issues 2,173 2,163

New Highs 5 5

New Lows 384 447

VOLUME Last Prev.

(A.M. New York Close) Week To Date

Total Sales 946,057,890 45,567,721,380

Same Per. 1986 880,970,676 33,970,658,446

WEEK'S MARKET AVERAGES

High Low Last Change

New York Stock Exchange

Index 161.1 150.2 158.4 +9.03

Transp 113.3 105.7 111.9 +7.23

Utils 67.5 66.0 66.4 +0.59

Finance 110.3 107.0 107.7 +0.17

Composites 134.1 126.4 131.7 +5.82

Standard & Poor's

400 Indust 277.1 255.4 271.2 +15.84

20 Transp 181.8 167.4 178.5 +12.1

40 Utils 102.4 99.4 100.4 +0.09

40 Financial 21.1 20.2 20.4 +0.03

500 Stocks 240.0 223.9 235.3 +11.4

Dow Jones

30 Indust 192.9 175.7 187.0 +100.3

20 Transp 77.1 68.1 75.0 +35.0

15 Utils 178.7 172.9 175.6 +2.49

65 Comb 705.5 652.6 685.5 +32.78

The American Stock Exchange

MOST ACTIVE STOCKS

WEEK ENDED DEC. 11, 1987

(Consolidated)

Company Sales Last Net Chng

BAT 1,772,300 79-16 +7-16

NY Time 1,577,500 28% +3%

TexAir 1,521,200 10% +1%

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Fruit 1,019,800 5 +7%

MARKET DIARY Last Prev.

Advances 450 105

Declines 401 805

Unchanged 178 114

Total Issues 1,029 1,024

New Highs 6 4

New Lows 217 229

VOLUME Last Prev.

(P.M. New York Close) Week To Date

Total Sales 81,807,695 3,316,168,585

Same Per. 1986 56,060,848 2,824,232,174

Perennials and Pecans

WHEN WE DESCRIBED bulb-growing recently, we advised you to see perennials as background. Today we shall give you some details about these.

A perennial is a plant that lives for many years — certainly more than five. Usually it dies down to the rootstock in winter, comes up again in spring, and flowers every year. Some come from rocky mountains, others from swamps or lake shores, some come from hot prairies or the ringed deserts, while others inhabit cool, shady woodlands. Every conceivable condition between these extremes is also represented, and there is no garden condition, no matter how unfavourable, in which some perennial cannot be made to thrive.

Most types offered at our nurseries are worth planting.

Perennials can be planted or transplanted in the garden at almost any time. When the spring-flowering bulbs are in bloom, the varied shape and colour of their foliage will provide a pleasant background. When the bulbs fade, you can use the extra space without any damage to the dormant bulbs.

Let's discuss some of the perennials which are available now as seedlings in small flower pots at most of our nurseries.

Alyssum saxatile (lobularia, *melant rax-shanati*). This produces a mass of small golden flowers on medium-long stems. Plant it close to your tulips, spacing the seedlings about 25-30 cm. apart. It requires only ordinary soil with good drainage in full sun.

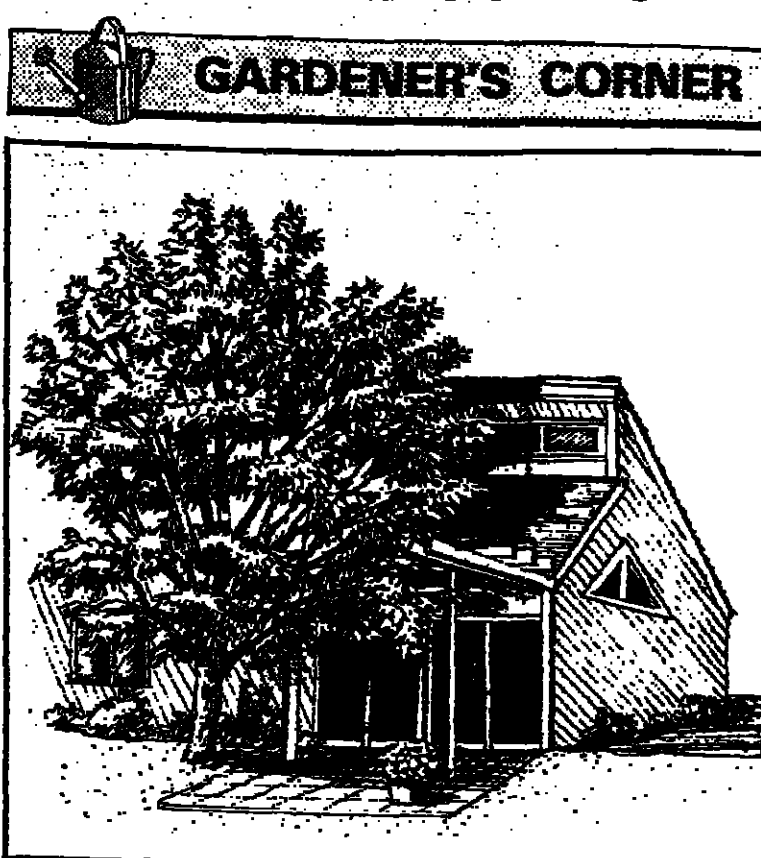
Iberis sempervirens (candituf, *du-canaf yarok-ad*). Use this more as a foreground edging, where it will be highly visible throughout the summer. Set the plants about 20-25 cm. apart in ordinary soil in full sun or light shade, and clip when flowering is over. Candituf flowers in white and many pastel tints.

Achillea filipendulina (yarrow, *achillea kipahat*). This is very popular because of the masses of yellow, white or crimson blooms it bears until October. *Achillea* generally grows about half a metre high. It needs plenty of sun and should be spaced 50-60 cm. apart.

Achillea is widely used as a medicinal herb for stomach troubles. For this purpose you have to cut the whole plant at the peak of flowering. In the kitchen, it is sometimes used as a substitute for cinnamon.

Ajuga reptans (bugle plant, *had-safa sohelet*). This is a low-growing ground cover and can be planted along with or before the bulbs. It blooms in May and June with small, trumpet-shaped blue flowers. Almost indestructible, it thrives well in sun or medium shade, spreads quickly, and mats so heavily that weeds rarely grow through it. Set the seedlings about 20-25 cm. apart.

Aquilegia (columbine, *aquilegia kilayim*). Fancy-shaped leaves and "dancing" blooms in bright colours characterize this lovely border plant, which provides excellent cut flowers. They bloom for four to six weeks, beginning in early June. *Aquilegia*, which thrives in half shade, grows about 30 cm. high. Leaf miner worms are occasionally a problem, but they can be controlled by removing the infested leaf parts as soon as noticed. Plant 30-40 cm. apart.



The pecan is an excellent shade tree.

Gypsophila repens (baby's breath, *gipsanit sohelet*). This is an extremely popular garden plant, widely used for flower arrangements and wedding bouquets. The delicate white or pink blooms dry well and don't lose their attraction even if kept in a vase without water.

Gypsophila likes full sun and a well-drained soil, with some lime worked into the surface. Don't expect too many flowers during the first season. By the second year you should have blooms in June and July. Plant about 40-50 cm. apart. If it grows too tall — above 40 cm. — stake it as protection against winter storms.

FERNS CAN also be used at the border as an evergreen background. *Neprolepis exaltata* (Sword fern, *kilyan kapeah*) is the most common fern in this country and easy to grow. From one Boston fern I planted several years ago in a shady and moist spot in my garden, I got hundreds of seedlings, which, planted in pots, made welcome presents. I also use the bigger leaves for indoor flower arrangements.

Ferns require little care beyond occasional thinning of too-crowded plants and occasional feedings with organic matter to preserve moisture and provide nutrients.

Interplanted with your tulips and other bulbs, ferns will hide the withering foliage of the faded bulb flowers. Moisture is a prime requirement, for leaves soon scorch if water is lacking. So provide it when nature doesn't. Most ferns need slightly acid soil — which can be manufactured by every amateur gardener through peat or leaf-mould additions.

Paleontologists tell us that ferns have been growing for at least 350 million years and that fossil fuels, such as coal, came from primeval fern forests. In other words, they arrived on the earth 345 million years before man. Descendants of these primitive plants now number over 10,800 species spread throughout the world.

In medieval times, mysticism,

fear and superstition surrounded ferns. People "knew" that without flowers, ferns could have no seeds; then questioned how such plants could reproduce. As knowledge increased, men discovered that the seedless ferns were the most prolific "seed" producers of all plants. Unlike flowering plants with a few seed-pods, the ferns shed their dust-like spores by the million.

PECANS

It isn't long until the planting season for all kinds of fruit trees. During January, our nurseries generally start offering evergreen citrus trees, deciduous fruit trees and subtropical fruit trees, as well as grapes. Among these trees is a relative newcomer that gained popularity in this country in the last 10 years. This is the pecan nut tree, which as a "new immigrant" has not yet been given a Hebrew name.

Hicoria pecan or *Carya* pecan belongs to the species of hickory trees and is native to the American South. Like most nut trees, the pecan is large and stately, its leaves and graceful branching pattern providing good shade.

Pecans need full sun and a well-drained, rich, slightly acid soil (pH 5.8-7). They respond well to large amounts of fertilizer, particularly nitrogen. They often suffer from zinc deficiency, this being indicated by chlorotic (very light green) leaves.

The best way to get rid of this condition is to apply an occasional handful of zinc sulphate (*gafra* *adaf*) or spray with a zinc solution (like a foliar feeding). In sandy soils or in hot climates pecans usually need supplementary watering. The deciduous pecan sapling has mainly deep roots, and its plant-hole should be prepared accordingly.

When buying pecan saplings, take not less than two for certain pollination. Plant them not closer than 6-8 metres apart.

If you are very fond of pecan nuts you'll have to go on buying them for a few years because the trees only reach bearing age from five to seven years after planting.

Spiegler quits

Post Sports Staff
Mordchai Spiegler, Betar Jerusalem's coach since the beginning of the present season quit last night saying that responsibility means being prepared to get up and admit that one has failed.

Since Spiegler took over, Betar have slumped from being champions, to a struggling lower order team. Their fortunes have gone from worse to worst after they were hammered 4-0 by Betar Tel Aviv on Saturday.

Spiegler's announcement was the climax of a hectic day of activity where at first he appeared to be gaining another week's grace. In the end, however, he bowed to growing pressure that something simply had to be done to pull Betar out of their present quagmire.

Last night, word from the club management was that the man chosen for that Herculean task is the former Maccabi Haifa boss Shlomo Sherf. He would, however, first need the consent of the IFA since he is the appointed coach of the national junior team.

Clough's hat-trick lifts Forest to third

LONDON (Reuters) — Nigel Clough hit a hat-trick in Nottingham Forest's 4-0 triumph over Queen's Park Rangers yesterday.

Clough's four-minute burst between the 81st and 85th minutes lifted Forest into third place in the English First Division behind leaders Liverpool and Arsenal, fortunate to draw 0-0 at Coventry.

Coventry were twice denied second half penalty claims as Arsenal closed the gap on Liverpool by only one point to five points.

Tottenham manager Terry Venables accused the referee of biasing to protect goalkeeper Tony Parks after bottom club Charlton recorded their first away win of the season.

Venables complained that the game's only goal, scored by David Campbell, should have been disallowed because of a challenge by Paul Williams which left Parks with blood pouring from a mouth wound.

"Parks was kicked in the face and I think he was entitled to a bit of protection," said Venables. "If the referee doesn't try to stop that sort of thing, players will feel he is encouraging it."

It was Tottenham's 10th match without a win but Venables insisted: "People are crazy if they expect us to go from being an ordinary side to a good one overnight."

SUPER CUP — European Champions Porto of Portugal yesterday added the Super Cup to their trophy cupboard when they beat PSV of Eindhoven, the Dutch champions, 2-1. Porto's winning goal came in the 67th minute.

Mecir, Smid pose a hurdle too high

LONDON (Reuters) — The guile of Miloslav Mecir and the graft of Tomas Smid gave Czechoslovakia a richly-deserved victory in the Grand Prix Masters doubles championship here yesterday.

Displaying the same understanding they had shown against Swedish title-holders Stefan Edberg and Anders Jarryd in the semi-finals, beaters 3-6, 6-3, 2-6, 6-3, 6-4, the east Europeans managed to subdue Americans Ken Flach and Robert Seguso in four sets.

Mecir and Smid won 6-4, 7-5, 6-7, 6-3 in a little over three hours to boost their respective bank accounts by \$36,000.

Smid, in particular, will treasure the Masters trophy more than the winning cheque.

At 31, and with a record which marks him out as one of the outstanding exponents of doubles in the modern era, he is a member of an elite eight-man club which has amassed more than \$3 million in career prize money.

Flach and Seguso, the reigning Wimbledon champions, left their best form in Saturday's semi-finals when they beat Spanish combination Sergio Casal and Emilio Sanchez in an epic five-setter.

They never looked comfortable amid the clink of cutlery on home china as the Royal Albert Hall patrons settled down to a traditional English Sunday lunch.

Seguso dropped his serve in the opening game of the match, repeatedly switched rackets in a vain attempt to find his touch of old, and shouted "It can't get any worse" as Smid served out for the set.

In fact, Seguso was wrong. Things did become worse in the second set when he and Flach squandered four break points against Smid in the eighth game. With Mecir, the master of disguise, about to enter one of his renowned periods of amnesia, it was a mistake the Americans were to rue.

A double fault by Flach at 30-40 in the 12th game put the Czechoslovaks two sets in front and firmly in control, despite a lapse in the third set which they contrived to lose from a winning position.

But the Europeans swiftly recovered their poise and, with Mecir hitting a stream of inspired winners which left Smid looking agreeably surprised, they captured Flach's service for a crucial fourth time in the match to take a decisive 5-3 lead in the fourth set.

Gatting won't return to Pakistan

KARACHI (Reuters) — England captain Mike Gatting confirmed yesterday he would not tour Pakistan again and hinted that he might pull out of the third and final test beginning in Karachi on Wednesday.

Gatting, who meets top English Test and County Cricket Board (TCCB) officials Raman Subba Row and Alan Smith today to discuss his row with umpire Shakoor Rana during the second Test, told reporters: "I will never come here again. Enough is enough as far as I'm concerned."

"I've done three trips and it's got progressively worse. I just hope all this might pave the way for other people who come here to get a fairer crack of the whip." Asked about

leading England in the final Test, Gatting replied: "I'm not particularly in the right frame of mind and unless something changes over the next 48 hours I will have to think about it."

Meanwhile, the Pakistan Cricket Board have chosen Shakil Khan, 35, one of the two umpires in the first test in Lahore in November, whose decisions were blamed by England for their crushing defeat.

"There were blatant decisions by the umpires. No less than six or seven decisions went against us," Gatting told reporters.

Shakil Khan was involved in the most serious incident of the match, when opener Chris Broad refused to accept his dismissal caught behind, saying that his bat had touched the ball.

He was finally persuaded to leave the crease

by team-mate Graham Gooch, but earned a reprimand from the England team manager Peter Lush.

In Adelaide, Australian captain Allan Border scored the 22nd century and 7,000th run of his test career to help Australia inch towards safety on the third day of the second test against New Zealand on Saturday. At the close Australia were 225 for four, needing another 61 runs to avoid the follow-on after New Zealand hit a massive 485 for nine declared in their first innings.

Border was 105 not out, having passed Sir Donald Bradman's total of 6,996 Test runs when he reached 71. Bradman, now 79, was at the Adelaide Oval to see his landmark overtake.

Only Greg Chappell, with 7,116 runs, has scored more runs for Australia than Border who now stands at number eight in the all-time list with 7,031 runs.

In Bombay, play in the second Test match between India and West Indies was again delayed yesterday following Saturday's washout. In an hour before the close yesterday, West Indies made 49 without loss (Greenidge 39 and Haynes 11) in reply to India's 281 all out.

Firecracker injures Roma goalkeeper

MILAN (AFP) — Roma goalkeeper Franco Tancredi was knocked out by two powerful firecrackers thrown from the crowd in his team's Italian First Division match against AC Milan here yesterday.

The fireworks exploded near his head and he was carried unconscious from the pitch. He came round in the first aid room an hour later and a club spokesman said his condition was not serious.

Milan won 1-0 with a penalty scored by Pietro Paolo Virdis.

Napoli beat Juventus 2-1 yesterday to lead Milan and Sampdoria by three points.

Results of other matches this weekend: Fiorentina 1, Inter Milan 2; Pescara 2, Avellino 0; Sampdoria 2, Ascoli 0; Torino 0, Empoli 1; Verona 0, Pisa 0.

Sampson swapped

OAKLAND, California (AP) — The Houston Rockets broke up their "Twin Towers" by sending 7-foot-4 Ralph Sampson to the Golden State Warriors and received two All-Star players, Joe Barry Carroll and Guard (Sleepy) Floyd, in a blockbuster NBA trade over the weekend.

"We're heading this franchise in a different direction," said Don Nelson, the Warriors' executive vice president, after the announcement of the trade. "We're starting with the most important piece, the big man in the middle. Ralph Sampson is one of the top five centers in the league."

Golden State also received Al Harris, a reserve guard, in the deal.

Saturday's games: Denver 131, Philadelphia 121; Chicago 112, Houston 103; Portland 106, Indiana 101; Washington 122, New Jersey 107; Detroit 124, New York 96; San Antonio 129, Phoenix 110; Utah 127, Golden State 93; Seattle 116, LA Clippers 95.

BELGIAN SOCCER — Weekend first division matches: Kortrijk 2, Antwerp 4; FC Liege 0, Winterslag 0; Lokeren 0, Beveren 0; Racing 0, Standard Liege 2; Molenbeek 0, Waregem 0; Club Brugge 2, Ghent 1; Charleroi 1, Anderlecht 0; Mechelen 3, Cercle Brugge 2; Beerschot 2, St. Truiden 0.

FRENCH SOCCER — Saturday's results: Toulouse 1, Monaco 1; Le Havre 0, Bordeaux 1; Nice 1, Metz Racing 2; Metz 2, Saint Etienne 1; Marseille 0, Lille 1; Montpellier 4, Cannes 2; Nantes 1, Lens 2; Auxerre 4, Brag 0; Lens 3, Toulon 1; Paris Saint Germain 1, Niort 3.

NHL — Saturday's games: (OT) Buffalo 3, Boston 3; Hartford 3, Los Angeles 2; Washington 2, Chicago 1; New York 5, New Jersey 3; Toronto 4, New York 3; Edmonton 6, Vancouver 3; Montreal 5, Detroit 3; Quebec 5, Minnesota 0; St. Louis 5, Pittsburgh 2.

CAESAREA GOLF

A Tel Aviv quartet won the weekend four ball best-ball event at the Country Club at Caesarea with a handsome 19 under par 54 net. The foursome comprised Memo Sverdlia, Yishak Rouss, Phil Singer and Ed Pizer.

Real opera at last

LA BOHEME, the opera in four acts by Giacomo Puccini produced by The New Israel Opera, The Israel Chamber Orchestra and The Camerl Theatre. Conductor: Samuel Friedman. Director: David Almon. Set and costume designer: Roni Toren. Lighter: Sam MacAlister. (Camerl Theatre, Tel Aviv, December 12.)

WITH ITS NEW production, The New Israel Opera has taken a giant stride forward. Until now we had opera, but *La Boheme* created a genuine operatic experience. *La Boheme* combined in a most successful way acting and singing, theatre and music. Theatrical drama and musical development went hand-in-hand and all throughout the four acts, culminating in a final extremely beautiful and touching scene. Without exception, all singers acted persuasively, eliminating anything artificial or make-believe.

Director David Alden transformed *La Boheme* from a senti-

mental story into a real drama of human tragedy, occurring not in 1830 Paris, but any time and anywhere. The black and white colours of the stage and almost all the costumes (which were exquisite) introduced, right from the beginning, an element of grim, almost macabre reality.

Musically, the cast performed as a tightly-knit ensemble. In most productions of *La Boheme*, everything focuses on Mimì and Rodolfo, but in this production everybody seemed integrated into the progression of musical continuity. Even the famous duets and arias, normally isolated numbers, became part of the steadily developing musical drama. And some of the music was truly exciting. Tenor Don Bernardini as Rodolfo and soprano Ayelet Amitai as Mimì achieved a very high level of perfor-

MUSIC REVIEW

mance. In their duets, their voices blended beautifully.

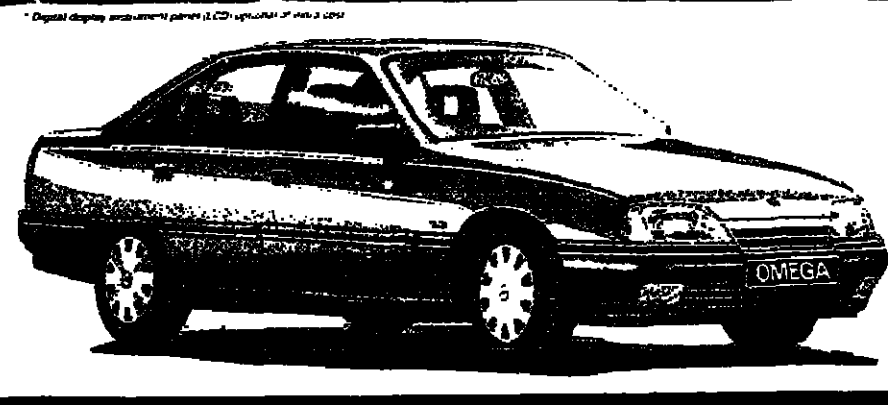
Soprano Sivan Rotem as Musetta possesses an extraordinary voice — strong, pure, and extremely well articulated. All the minor parts — baritone Yoram Windmuller as Marcello, bass Gideon Saks as Colline, baritone Motti Kasten as Schaunard — acquitted themselves with honour.

The one weakness of the production was the orchestra. Its dry and wooden sound created constant irritation. Part of the blame must, of course, be put on the adverse acoustical conditions of the Camerl hall and the placing of the orchestra on one level with the singers in front of the stage. But even under these conditions, conductor Friedman should have shown much more flexibility.

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MASKIT

Should currencies be fixed or free?

By SYLVIANE de SAINT SEINE
LONDON (Reuters) — Fifteen years since the debate last raged, experts are arguing again over whether currencies should be free, fixed or somewhere in between.

The latest effort to manage exchange rates — the group of seven industrial nations' "Louvre accord" of February 22 — has failed, many economists say.

But so far nothing looks likely to take its place.

"The G-7 have obviously failed to maintain rate stability," said Alan Budd, professor of economics at the London Business School. "Some people think they cannot do it, some people think they should not even try," economists doubt the G-7 can muster enough political will to cooperate permanently. So, they say, the "dirty float" — a term for a basically free currency market but one in which governments do sometimes try to intervene — is likely to remain the basis of the world monetary system.

The Louvre pact was the boldest attempt by the G-7 — the U.S., Japan, West Germany, France, Italy and Canada — to stabilize currencies since the end of the post-war Bretton Woods System of Fixed Parities in the early 1970s.

They decided a slide in the dollar, which has halved in value against other key currencies since 1985, should end.

Their central banks then intervened in the markets and bought dollars each time investors, who felt that the dollar ought to weaken because the U.S. was still running a huge trade deficit, were inclined to unload it.

But selling pressure became irresistible in a market which trades 200 billion dollars a day. The dollar is now 10 per cent lower against the

Deutschmark than it was in February.

Under a free float, currencies are allowed to fluctuate without government intervention. But governments have found it hard not to intervene, and were doing so from time to time before the Louvre deal, hence the "dirty float". Yale university economics professor Willem Buiter said: "A clean float just does not exist. It's a myth." On the opposite side stand fixed parities, where currencies have been linked to gold, the dollar or other currencies. One cross breed is the target zone, as in the European Monetary System, where parities are allowed to fluctuate within pre-determined ranges.

The problem of the Louvre accord, some economists say, was that the G-7 tried to stabilize rates at the wrong level. They believe the dollar was fixed too far above the rate needed to resolve the U.S. trade deficit.

But they agree that, should the G-7 meet in the near future, nobody knows any better than in February what right rate is.

Paul Ormerod, director of economics at Britain's Henley Centre, an independent forecasting body, sees the dollar's medium-term equilibrium rate 10 to 15 per cent below current levels.

David Begg, head of economics at London's Birkbeck College, also says it should fall. Budd sees it at about current levels. But Yale's Buiter says the dollar should rise in real and nominal terms and that its equilibrium is 1.90 to 2.00 marks.

Free float supporters say the market is better than governments at determining correct exchange rates. But an overvaluation of the dollar between 1983 and 1985 gave their opponents much ammunition, as it gravely damaged U.S. exports.

"Neither the market, nor governments are able to determine exchange rate equilibria," says Rosalind Levacic, professor of economics at Britain's Open University.

Such difficulties have not deterred researchers. A recent proposition for the G-7 to float their exchange rates in a wide 20-per-cent band has raised much interest among experts.

The proposal, by Markus Miller of Warwick University in England and John Williamson of the Institute for International Economics in Washington, is for rates to fluctuate by up to 10 per cent above and below their medium-term equilibrium levels.

G-7 nations would meet regularly to readjust these rates in case they have been fixed at the wrong levels.

Another proposal, by Ronald McKinnon at Stanford University in California, is for fixed nominal exchange rates, backed by monetary cooperation among the U.S., Japan and West Germany.

But most economists say these proposals stand little chance of being implemented in the near future. Governments are seen as unwilling to surrender autonomy in fiscal or monetary policy.

"The fundamental dilemma is the lack of political will to cooperate," says Levacic. "It's not an economic debate, it's a political one — what is politically possible," says Charles Goodhart of the London School of Economics.

Moreover, "there are very loud voices in the U.S. arguing against the Louvre type of accord," Budd says. He views Martin Feldstein and Bery Sprinkel, two successive chairmen of the President's Council of Economic Advisors (CEA) as basically advocating free floating rates.



Two of Israel's beauty queens, Ofir Aloni (right) and Yael Gerler wearing the traditional kova tembel Israeli headgear at the recent opening in Tel Aviv of Rim Industries Ltd's 35th furniture showroom.

Big variety of services offered to country's export business community

By KEN SCHACHTER
For The Jerusalem Post

TEL AVIV — Want to find a negotiator who can close a business deal in Japanese? Or air freight some cargo across the globe? Or get a new design for the package you use to sell your widgets?

Those were just a few of the services available at last week's Export 87 exhibition at the Tel Aviv Fairgrounds.

At one of the more than 60 booths sat Rumiko Elyath, who has launched the 1½-year-old Kaihatsu Co., which will assist Israeli companies break through language and culture barriers to establish business contacts in Japan.

"Also, we're willing to negotiate for them," she said. "We believe Japanese negotiate better with Japanese. You have to understand the language and the mentality. The mentality is completely different."

She said the recent high-level trade mission from Japan should clear the way for additional economic links between the two countries. In an attempt to capitalize on that breakthrough, Kaihatsu will produce a listing of 500 Israeli companies in Japanese in a joint venture with Sagit Publishing Ltd.

Aliza Rachman, director of the Israel Export Institute's booth, said she had received several hundred inquiries, a much higher rate than the first such exposition two years ago.

"Maybe it's because there's more publicity at the exhibition and awareness of the importance of the export services," she said.

In one corner of the hall was a visually arresting display by designer Gila Schakline. Her artistic talents extend to package design (oil cans for Delek), corporate reports (Duke, Clal), and exhibitions (El Al Cargo, Elite).

Perhaps the most competitive — and crowded — sector was in the realm of shipping, freight forwarding and courier services. Exporters seeking freight by air could choose among J. Sassover, Flying Cargo, Lufthansa, El Al Cargo, British Airways and Amerford International Company.

Still, the air freight companies seemed to be coexisting peacefully. This was not the case among the shipping lines.

Abe Pirian, director of the two-ship Abe Trans Co. Ltd., charged that Zim Lines was conspiring with two other shipping companies to squeeze the profits of his company, which is trying to establish itself on a Mediterranean run from Italy to Israel to Turkey.

A visit to 70-ship Zim Lines, just a few metres away, produced a different image: Zim conducting routine maritime conferences in which service and rates are discussed, a standard industry practice worldwide.

While tensions ran high among the shippers, there was excitement of another sort at Comstock Trading Ltd. as a computer monitor showed that the U.S. had posted an unexpectedly high trade deficit. A crowd drew around Comstock's David Zwebner as he called up news assessing the effects on the world's financial markets.

CURRENCY MARKETS

Dollar remains under pressure

The dollar continued to be under selling pressure and closed at record lows on Friday. For the week the currency lost 2.4 per cent against the Deutschmark 3.2 per cent, against the yen and 2.6 per cent against the pound sterling.

The dollar had reached its highest level for the week on Monday to 1.6780 marks. This rise was a continuation of the previous week's short-covering, which resulted from the European interest rate cuts. But the impression of those cuts faded quickly as market operators started to focus their attention on the re-

lease on Thursday of U.S. trade data.

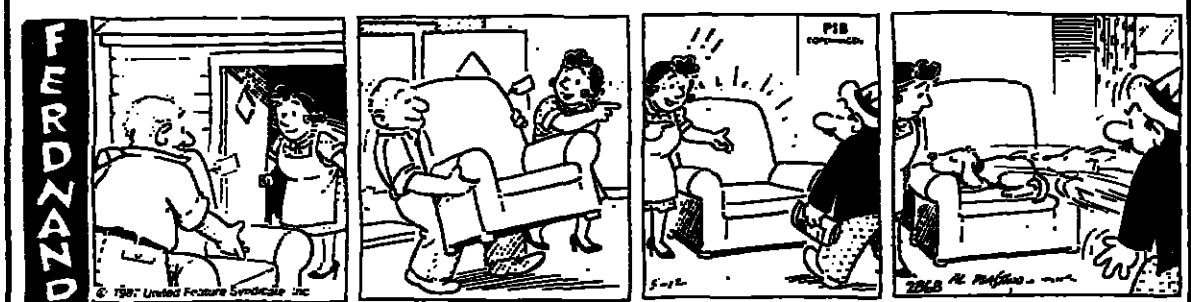
The general expectation was for an October trade deficit of \$14 billion-\$15b. against September's shortfall of \$14.08b. Thus, the \$17.63b. deficit that was released came as a sharp shock, and the dollar fell three pennings within minutes. Dollar-buying by the Bundesbank and the Fed succeeded to prevent a collapse, but the currency closed at record lows against the yen and the mark.

The general bearish sentiment towards the dollar was strongly rein-

forced by Thursday's trade data. The market's perception that the U.S. administration would welcome a further orderly decline of the dollar encourages dollar-selling as well. Therefore, expect further pressure on the U.S. currency this week, with occasional short-covering rallies.

The 1.60-mark and 125-yen levels may well be reached before year-end. Trading usually becomes thin at this holiday season and this raises the possibility of sharp price swings as a result of few large orders.

The column appears courtesy of Boaz Barak Advisory Services.



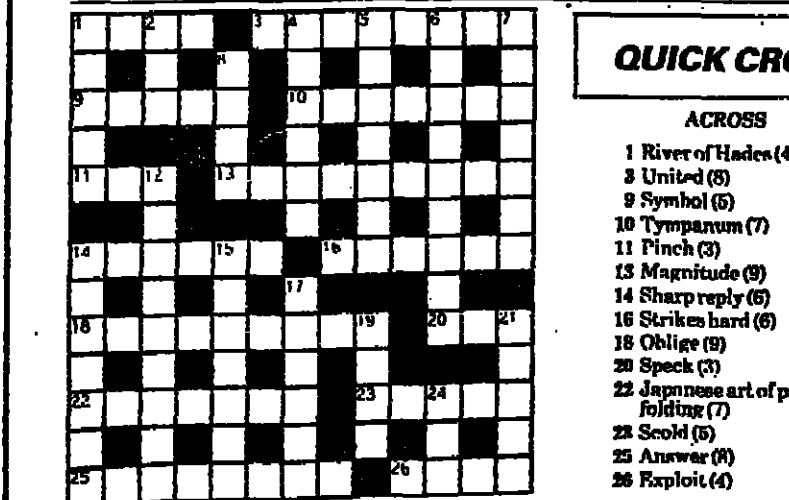
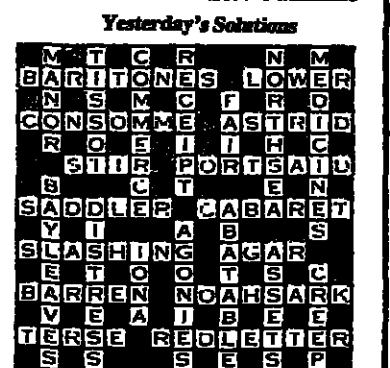
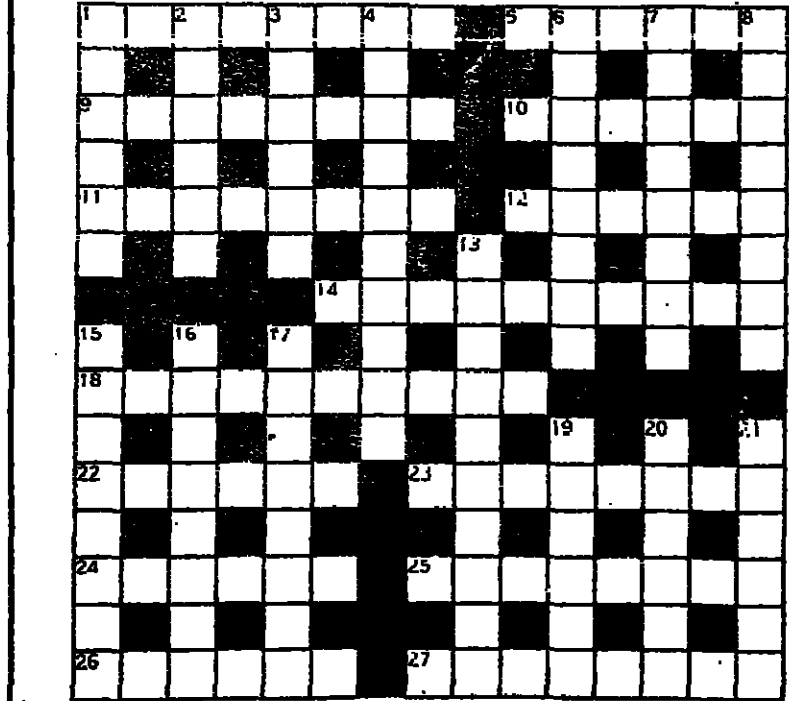
CROSSWORD

ACROSS
1 I wouldn't give it for an article of low value (8)
5 A decoration to pin on a lady (6)
9 One who works at the coal-face in a subordinate capacity (8)
10 A 2-ft dragon with outspread wings (6)
11 Périgord pie served hot for breakfast (8)
12 Where in Syria one gets apple sauce with duck (6)
14 A horse the king sees about tent-time shows energy and initiative (10)
18 Kind of safe trourer suitable for a motoring family? (4-6)
22 Prepares to publish about a hundred decrees (6)

23 Perplexed 6 living the life of a hermit (8)
24 He closely follows movements of stock (6)
25 Sailor after a pound in cash for a pipe of tobacco (8)
26 Somewhat sooner? (6)
27 A drab seahird confronted with a sprinkling of salt (8)

DOWN
1 Gamely decides not to follow suit (6)
2 Poul language or rude play upon words (6)
3 A rig we adapted for a troublesome little creature (6)
4 Get into fresh habits, as motorists often have to (6,4)
6 Garbled story about the

greatest foe of the Commonwealth (8)
7 A PO drive unusually richly rewarded (8)
8 Hang about and transfer authority (4,4)
13 A fight nobody pays to see? (4-3)
15 A law-breaker about to close a bid? (6)
16 Injunction to stop and keep a newspaper article for reference (3,2,3)
17 It was recycled before, so to speak (2,2,4)
19 Belgian town that produces tin and copperware (6)
20 Put outside a stately home (6)
21 It largely thrives on a constricted diet (6)



QUICK SOLUTION
ACROSS: 1 Potter, 4 Cream, 8 Amend, 9 Tawny, 10 Cabinet, 11 Stud, 12 Eat, 14 Mere, 15 Rear, 18 Rim, 21 Also, 23 Effice, 25 Almond, 26 Irate, 27 Title, 28 Ecce, DOWN: 1 Plaire, 2 Trumble, 3 Endanger, 4 Cream, 5 Exact, 6 Malady, 7 State, 13 Training, 16 Agitate, 17 Vicent, 19 Menn, 20 Recuse, 22 Slat, 24 Title.

QUICK CROSSWORD
ACROSS
1 River of Hadassah (4)
3 United (6)
9 Symbol (6)
10 Tympanum (7)
11 Pinch (3)
13 Magnitude (6)
14 Sharp reply (6)
16 Strikes hard (6)
18 Oblige (8)
20 Speak (3)
22 Japanese art of paper folding (7)
23 Scold (6)
25 Answer (6)
26 Exploit (4)
DOWN
1 Glossy fabric (6)
3 Tithen on (3)
4 Compelled (6)
5 Misprint (7)
6 Reaped and gathered in (3)
7 Name of several kings of Egypt (7)
8 Cope (4)
12 Lament (6)
14 Calculates (7)
15 Withdraw (7)
17 Gaming-house (6)
19 Ishmael (4)
21 Tenacity (6)
24 Frozen water (3).

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Kupat Holim Information Centre Tel. 03-433300, 433500 Sunday-Thursday, 8 a.m. to 8 p.m. Friday 8 a.m. to 3 p.m.

BUSINESS BRIEFS

Income tax arrests

A Beersheba greengrocer was sentenced to six months in jail by Beersheba magistrates' court for mismanagement of his tax records from July 1985 until December 1986. The man was also fined NIS 800.

Another greengrocer who works in the Yavneh, Ashdod and Kiryat Malachi markets, was sentenced by Kiryat Gat magistrates' court to 4 months imprisonment for mismanagement of his books.

A man from Moshav Zruchia was sentenced to four months in jail by a Kiryat Gat magistrates' court for not filing his income tax in 1983, and for having been caught several times for the same offence over a period of three years.

A Yehud contractor was sentenced to four months in jail by a Petah Tikva's magistrates' court for not filing income tax during 1983 and 1983, and for not declaring capital in 1982.

A farmer from Kfar Kalamusa was sentenced to three months in jail for not filing reports in 1981 and 1984, and for not declaring capital in 1984.

Yitzhak Berman on Securitas board

Yitzhak Berman, former minister of energy and current chairman of Dubek Ltd., has joined the board of Securitas, a major insurance underwriter. Securitas, the Israeli representative of Cigna, a consortium of 25 U.S. insurance companies, is controlled by board chairman Dr. Yaacov Haron, who owns 74 per cent of the stock. Securitas deputy chairman is MK Uriel Lyon.

Walkie-talkies seized

Communications Ministry inspectors, accompanied by Afula police, raided Kibbutz Hazorea on Wednesday and confiscated \$13,000-worth of communications equipment that had been used without a licence.

It was the second incident of its kind in a week, with the first involving illegal walkie-talkies operating

Dead Sea level falls

The level of the Dead Sea has fallen 11 metres, according to Moshe Shami, head of the Tamar Regional Council. He appealed to Prime Minister Yitzhak Shamir and Deputy Prime Minister Shimon Peres to resume the digging of the Mediterranean-Dead Sea Canal in order to "save the Dead Sea."

The problem stems in part from low rain levels; however, the main cause, according to Shami, is the redirecting by the Jordanians of the Jordan River in order to build agricultural dams.

German fair beckons to carpet firm

A delegation from D-Art Carpets Ltd. will soon display its wares at a textile exhibition in Germany.

The company, which began about 10 years ago as a small business in Bnei Brak run by the Golde family, increased its exports from approximately \$80,000 eighteen months ago to approximately \$200,000 today.

D-Art products are also slated to be part of an upcoming "Israel Week" at a large department store chain in Boston.

U.S. data link

Israel-American Chamber of Commerce President Joshua Maoz said last month that the organization is exploring the possibility of setting up a direct, computerized communication link with individual U.S. Chambers for the exchange of business and trade information.

More than 100 local American Chambers of Commerce are already connected to each other this way and the U.S. national organization hopes that in the near future all U.S. chambers will join the network.

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Kassar comes out against devaluation

By AVI TEMKIN

Post Economic Reporter
Histadrut Secretary-General Yisrael Kassar yesterday broke his long silence on exchange rates and expressed stiff opposition to any devaluation of the shekel.

Speaking at a meeting of the labour federation's central committee, Kassar said "the Histadrut will support economic stability and will strive to safeguard employment." Until now, Kassar had strictly adhered to a position of public neutrality about devaluations, claiming it was not the labour federation's business to determine the rate of exchange, but the government's.

"I agree with Finance Minister Moshe Nissim that in the present conditions there is no need to devalue the currency," Kassar said. But, he added, aid should be offered to the exporters to the dollar bloc, who are going through difficult times due to the fall in the value of the U.S. currency. He stressed, however, that this should be done without devaluing the shekel.

Economic observers pointed out yesterday that both the Treasury and the Bank of Israel are closely following developments in the international currency markets. An additional fall of the dollar under the

present system, where the shekel is pegged to the currency basket, would force a further appreciation of the shekel against the dollar and could force down the rate of exchange below NIS 1.55 to the dollar.

This could trigger formidable pressure by industrialists for an immediate devaluation of the shekel. In recent weeks the industrialists, with the support of Industry and Trade Minister Ariel Sharon, have demanded a devaluation of the shekel by about 5 per cent, which would bring the rate of exchange to NIS 1.64 to the dollar.

In a related development, figures released by the Bank of Israel showed that during September and October the public bought over \$300 million worth of foreign currency, a sign of an anticipated devaluation. In October alone the purchases totalled some \$200m., more even than on the eve of last January's devaluation.

The Bank of Israel has admitted that speculative purchases indeed took place in October, but insisted that these purchases have greatly diminished since then and that the expectations of a devaluation have faded after reaching a peak several weeks ago.

Soltam to dismiss 400 more workers

By YOEL DAR
For the Jerusalem Post
HAIFA - Soltam Ltd., the ailing manufacturer of arms and ammunition, said yesterday it planned to dismiss another 400 employees due to lack of new orders from the Defence Ministry.

At an emergency meeting yesterday with a group of mayors and labour council secretaries from the north, Soltam executives said that in the past six months no new orders or deals had been concluded either with private companies abroad or

with the Defence Ministry. Without new business, there was no alternative but to cut the work-force once more, management said.

As of August, the arms maker employed 1,030 workers. Under a retrenchment plan unveiled that month, 600 of them were compelled to take an involuntary five-month leave. Of those, 200 were expected to retire voluntarily and the other 400 to return to their normal jobs at the start of 1988.

Despite prospects of two \$20 million orders from abroad, Managing

Director Eliezer Barak said Soltam still needed to cut its work-force. The company was holding \$100m. in unsold inventory at great expense.

Shaul Amour, chairman of the development towns organization and mayor of Migdal Ha'emek, said that the authorities had promised that if the Lavi were scrapped, help would be directed to Soltam.

The participants agreed to set up a special lobby to persuade the government and the Histadrut, which owns Soltam through Koor Industries Ltd., to save Soltam.

Germans to aid Israel economy

Post Economic Reporter
Some 100 West German businessmen have agreed to take part in the creation of a task force to encourage Israeli economic growth, the Economics Ministry announced yesterday.

The new task force was formed during a meeting in Frankfurt with

Economics Minister Gad Ya'acobi.

Ya'acobi told the businessmen that Israel's imports of German goods would exceed exports there by \$1 billion. The task force should help to narrow that gap, he said.

He suggested that German companies should send a mission to Israel to help Israeli businesses

Ramat Aviv tender

TEL AVIV - A group of unnamed investors represented by attorney Yitzhak Friedman won a tender yesterday to build 84 apartments in Ramat Aviv, the Israel Lands Administration said yesterday.

An administration spokesman said that the group bid NIS 70 million, or NIS 2.4m. above the minimum bid required, to build three buildings

Industrial slowdown expected to worsen

Post Economic Reporter
Industry and Trade Ministry economists expect the continued slowdown in industrial activity to worsen in coming months, the ministry said yesterday.

According to a ministry document released yesterday, industrial output was up 6.5 per cent in the first eight months of the year, compared with the same period last year. But it added that most of the expansion had taken place in the first quarter of the year, since then there has been a gradual slow down in industrial activity.

Industrial output has not risen in recent months compared with the previous quarter and was 2 per cent lower than in the first quarter, the ministry added.

The ministry said its economists found the expansion was concentrated in plants producing for the domestic and European markets. In the electronics and metal industries, there was an ongoing slump, while in

the defence industries there was a marked downward trend in employment, the ministry said.

According to the document, industrial activity is expected to slow down even further in the coming months. The expansion in the first quarter stemmed from a marked rise in consumer spending, which came to an end in the second quarter of the year.

The Industry Ministry has been pressuring the Treasury for some time to grant larger subsidies to exporters and industrialists, and has supported their campaign for a 5 per cent devaluation of the shekel.

Yesterday it admitted that exports rose by 16 per cent in 1987, but insisted that this was a rise in the dollar value of exports due to the fall in the value of the U.S. currency. In volume terms, the rise in industrial exports will be no more than 4 to 6 per cent higher over 1986, the ministry contended.

2 dropped from Egged board

By JONATHAN KARP
TEL AVIV - Egged removed two members of its secretariat yesterday in what was seen as an intensifying power struggle in advance of the cooperative's March elections.

Egged members displeased with chairman Shlomo Levine's coalition tried to protest the meeting at the cooperative's headquarters in Jerusalem, but they were prevented from entering the building. Inside, the secretariat dismissed Yitzhak Menahem and Haim Shagdeni, who last week openly criticized Levine's management and decided to join the opposition.

Levin said only one person, Amnon Reshtik, was chosen to replace the two, after the secretariat decided to reduce the governing body. The secretariat, which varies from nine to 11 members.

Members of the opposition, known as the Yad coalition, said yesterday that they strongly objected to what they characterized as Levine's heavy-handed and "irresponsible" management style.

BUDGET

(Continued from Page One)

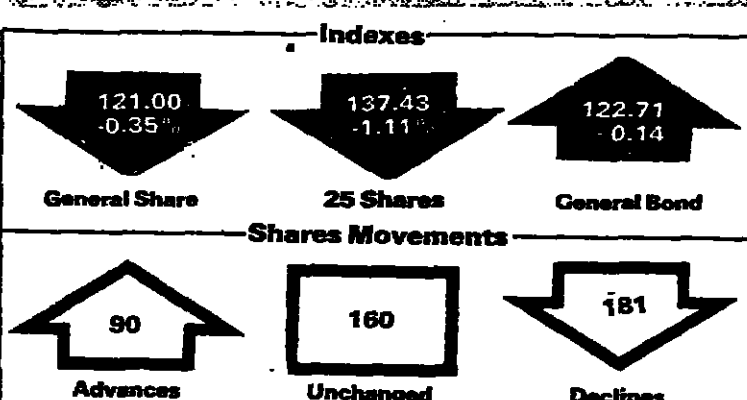
creases until the end of the fiscal year. Nissim wants to raise these prices in two stages, one of them this month, to avoid a large hike in April 1988.

The Central Committee also decided to oppose the proposals for user-charges in the health and education services and the tax on child allowances. Instead, it proposed that the 10 per cent surtax on high incomes be continued for at least one more year.

Judy Siegel adds: The health minister is optimistic that she and her fellow Labour Party colleagues can head off the institution of a fee for visits to doctors and a per-diem hospitalization fee.

Speaking on Israel Radio, the health minister declared that the proposed budget was "anti-social," because it included price rises for milk, bread, and public transport. It was also unfair, she said, to collect extra fees from sick people who have paid their health-fund dues.

Instead, income taxes - which have been cut - should be raised to bolster the health and education budgets, Arbeli-Almosino said.



Selected Prices

Name	Price	Volume NIS	% change
Commercial Banks			
(part of arrangement)			
Bank of Israel	22400	10	-2.6
Leumi	1550	722	+1.9
Leumi non-arr.	14900	18	-
Leumi	1215	68	-
Commercial Banks			
(part of arrangement)			
Bank of Israel	101750	303	-
Leumi	75350	183	-
Leumi	129401	335	-
Leumi	41800	305	-
Leumi	69330	847	-
Leumi	175000	48	-0.6
Leumi	43200	880	-
Leumi	58200	22	+0.3
Mortgage Banks & Finance			
Leumi	8550	7	-0.6
Leumi	3440	150	+0.6
Leumi	23000	-	-
Leumi	12201	53	+0.0
Leumi	23800	8	-2.4

Investment Companies	15500	1	+1.1
Leumi	349	2758	+4.2
Leumi	500	1200	-
Leumi	8700	79	-
Leumi	1620	488	-
Leumi	530	1200	-2.1
Leumi	1100	1121	-2.4
Leumi	7212	116	+1.3
Leumi	380	11208	-
Leumi	1250	800	-1.5
Leumi	2070	1000	-
Leumi	290000	42	-4.9
Leumi	1350	548	-1.0
Leumi	14500	-	-
Leumi	1205	2200	-
Leumi	897	2622	-3.7
Leumi	137	7380	-2.3
Leumi	551	1975	-3.0
Leumi	1880	1306	+1.1
Leumi	1631	35	-0.1
Leumi	434	200	+1.4
Leumi	3535	300	-1.1
Leumi	848	3181	-0.4
Leumi	530	7050	-0.9
Leumi	54500	52	-
Leumi	191	3057	-
Leumi	7485	504	-6.1

Oil Exploration	19000	82	-3.1
Leumi	400	7887	-4.5

25 Shares				
Aluma	7021	120	-0.25	
Leumi	255	18000	-1.00	
Leumi	457	30400	-0.25	
Leumi	3892	120	-0.25	
Leumi	2357	1120	-	
Leumi	38897	n.t.	-	
Leumi	1081	4650	-	
Leumi	2886	600	-1.50	
Leumi	68571	40	-1.50	
Leumi	780	4400	-1.00	
Leumi	14086	1780	-1.25	
Leumi	778	5850	-1.50	
Leumi	4148	510	-1.25	
Leumi	192085	2	-2.75	
Leumi	5980	900	-1.50	
Leumi	2633	1080	-1.25	
Leumi	989	7000	-	
Leumi	308522	18	-1.25	
Leumi	14338	n.t.	-	
Leumi	253	40000	-1.25	
Leumi	7699	1040	-1.25	
Leumi	646	650	-1.50	
Leumi	4018	1200	-1.25	
Leumi	2121	2160	-1.25	
Leumi	1277	10200	-1.50	

Real Estate, Building and Agriculture				
Leumi	313	1833	-2.8	
Leumi	43100	41	+0.2	
Leumi	1840	1202	-5.4	
Leumi	6380	28	-	
Leumi	316	8238	-	
Leumi	4300	216	-0.9	
Leumi	18030	100	-4.3	
Leumi	320	1483	-	
Leumi	6300	142	-1.9	
Leumi	1677	400	-0.9	

Industrials				
Leumi	3550	45	-	
Leumi	33580	5	-0.3	

Abbreviations:	
s. sellers only	b bearer
b. buyers only	r registered
t. no trading	





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Fully linked	123.17	-0.28		
Partially linked	119.88	-0.05		
Foreign Currency	118.81	-1.01		
FC denominated	114.52	-0.09		
FC linked	119.58	-1.16		
Short-term 0-2 yrs	122.16	-0.20		
Short-term 2-5 yrs	122.16	-0.12		
Medium-term 5-7 yrs	126.69	-0.12		
Long-term 7+ yrs	126.69	-0.12		

Turnovers				
Total Shares	NIS 8,126,300			
Non-arrangement	NIS 6,177,200			
Arrangement	NIS 2,949,100			
Bonds	NIS 6,541,200			
Treasury Bills	NIS 2,371,500			

Delta Gain	1080	-400	-
Lochia	830	-	-
Ligat	244	1200	+2.1
Polgar	1100	1121	-2.4
Gibor Sabrins	7212	-	-
London 0.1	9126	116	+1.2

When Israel is seen as part of the 'solution' - not part of the 'problem'

A concert for the world?

George Nicholas

Sri Lanka, which would be all the more desirable and respectable were India doing so in concert with one or more of the major powers, thereby removing suspicions that it could be overtly influenced by its own individual interests.

IN THE Middle East, there can be no escaping the fact that the relevant mini-power will need to be Israel. Although it would be ridiculous in absolute terms to compare Israel's international role with that of the major powers, in the Middle Eastern context no other country has either the same military power, the same international cohesion or the same degree of political stability. The Arab states, even after spending billions of dollars on arms had to resort to American and European help to protect their own shipping in their own waters. One need only consider how much less they would need to fear Iran if they had the added protection of Israeli air power.

Israel is also, unlike most of the countries in the region, a genuine nation-state with all the concomitant resilience and unity of purpose; the ripples on its political surface are not to be compared with the ever-present danger of internal collapse threatening each of the other countries in the area. This still applies to Egypt, although it can also claim to be a nation-state and its regime feels strong enough to tolerate a degree of legal internal opposition. In a properly organized "concert of the world," moreover, the appropriate area for an Egyptian role would be northeast Africa rather than the Middle East.

What of the objection that Israel

itself is involved in a major conflict? For even if many Arab states may now be ready to tolerate Israel's existence, as they know themselves to be threatened not by mythical "Israeli expansionism" but by the very real intentions of the Khomeini regime to expand its sphere of influence, they cannot escape from the Palestinian issue. Nor are Israelis able to ignore the sufferings of the Palestinians, even if the Palestinians have suffered most at the hands of other Arabs and often due to the ineptness or intransigence of their own proclaimed political leadership.

To this objection the answer is twofold. First, all Israeli governments have shown readiness to seek a solution to the problem. Even the Begin government's offer of Palestinian autonomy, had it been boldly accepted, would have led inevitably within a few years to a Palestinian "state within a state" and most probably, in less than a generation of genuine coexistence, to the Palestinian state alongside Israel to which Palestinian moderates profess to subscribe.

Unfortunately, only Sadat among Arab leaders showed such boldness, to which the Israeli people unexpectedly responded with maximal concessions. Were any other Arab leaders to follow Sadat's example, they could now expect a similarly magnanimous Israeli response. What holds them back is fear of death at the hands of extremists, reflecting that instability in their countries already mentioned.

Second, there is in any case no way of avoiding Israel's being the dominant regional mini-power. External pressure has been no more successful in removing Israel from the West Bank than it was in removing India from Kashmir or indeed the Soviet forces from Afghanistan. This can be seen in the history of the idea of an international conference

to end the Israel-Arab conflict. The original idea, promoted by Arab leaders and others for many months, was for a conference at which the permanent members of the United Nations Security Council would put pressure on Israel to make concessions to the Arabs.

A contrary idea is that the permanent members would play hardly more than a ceremonial role, leaving Israel to bring its superior position to bear upon the bilateral negotiations with its Arab neighbours.

In short, there can be no "conference of the world" if Israel - any more than India or Japan or one of the major powers - is seen as part of the "problem." Rather, Israel has to be seen - first and foremost - as part of the solution.

Of course, it is legitimate for other countries to remind Israel that its role in a "concert of the world" would be made easier if its governments at least never forgot to demonstrate readiness to be flexible on the Palestinian issue, including readiness to consider reasonable suggestions for reducing frictions in daily life on the West Bank and in Gaza.

But this falls into the same category as urging the Soviet rulers to be flexible over Afghanistan, or urging the American administration not to dismiss Central American peace plans out of hand or urging Japan to reduce its balance of payments surplus or urging India not to show partiality toward the Tamils in Sri Lanka.

To imagine that external pressure can achieve much more is only to detract energy from the need to establish a saner order in the world, where much larger populations are suffering from much deeper deprivations than those of the Palestinians under Israeli rule.

The writer is an English scholar, familiar with the Near East, the leading languages of which - including Hebrew - he speaks and reads with some fluency. George Nicholas is his pen-name.

Who will look after Israel's doctors?

An unhealthy situation

Dr. A. L. Furst

country, an applicant needs to hold the appropriate specialization qualification. Indeed, not only is this demanded by hospital appointment committees, but the public would be horrified to think that the situation was otherwise.

IT IS therefore all the more disturbing to record that outside of hospitals, such safeguards for the public's health go by the board and patients in the community are denied any such protection. Little if any control or supervision exists over clinic-based or "independent" community doctors, either in regard to their basic clinical skills and competence, or to the necessity of their holding or acquiring the appropriate specialist qualifications for their practice of family and community medicine, the community-based medical specialty.

In this deplorable situation there is, nevertheless, one notable exception. Kupat Holim Clalit, guided by the foresight of its chairman Prof. Doron, has underwritten and continues to underwrite single-handedly the community-based post-graduate specialization programme in family medicine which has already involved several hundred family medicine trainees.

These constitute a cohort of vocationally-trained doctors who are already proving to be the vanguard of a quiet revolution in the standard of family medical care being achieved outside hospital. These are young specialists, equal professionally in standing to their hospital-based counterparts but with very different goals and outlook about the type of medicine they practice.

They are also usually associated

with academic departments of family medicine in the medical schools. This ensures the maintenance of their practice standards, encourages their undertaking research in community care, and provides for them a solid framework for relevant on-going education in their chosen specialty.

As yet, no other provider of medical services including the Ministry of Health itself has paid any attention to speak of to the training, relevant experience, or even minimal qualifications of the doctors working for them as general practitioners or family doctors - in stark contrast to the strict controls prevailing in hospital. The result is that where there is no supervision or control over standards, there can be no guarantee about the quality of the care being provided. In this case, many thousands of patients in the community all over the country are at risk.

In spite of its steps to improve the standards of community care in its own clinic network, even Kupat Holim itself has not been able to withstand certain short-term pressures upon it. As a result, in certain areas it has already been forced to disengage in part its own declared policy about the future nature of community care provision.

In the face of mounting criticism, most of which is actually targeted at the organization of its care rather than at its quality, the health fund has been forced to sanction the use of an increasing number of "independent" doctors. These work from their own premises and are contracted to provide medical care for a varying number of patients for a couple of hours each day, often after having already put in a full day's work elsewhere at another job.

WHERE THIS arrangement involves those with adequate training or specialization in community medical care, this might be an acceptable

alternative to the clinic-based system. But when it involves, as is often the case, doctors from a hospital background and with a specialization bearing little if any relevance to community care it must be roundly condemned. The negative effects this is bound to produce in the long term on the quality of health care outside hospital are as unacceptable as the detrimental effect of demagogues working as gynecologists, or vice-versa, would have in a hospital setting.

At the 30th World Health Assembly of the World Health Organization in 1977, member states decided that the main social target of governments and WHO in the following decades should be for all citizens of the world to attain by the year 2000 "a level of health which will permit them to lead a socially and economically productive life."

In 1979 the WHO Health Assembly launched a global strategy for "health for all by the year 2000." In 1980 member states of the WHO's European Region, of which Israel is now a member, approved their first common health policy - "The European strategy for attaining health for all." Among the fundamental changes called for in member countries' health policies in order to achieve the required goals of this strategy was a decision that "greater stress be placed on the role of individuals, families, and communities can play in health development; and that primary health care should be the major approach used to bring about these changes" (author's emphasis).

In an interim evaluation of member states' progress towards implementing this agreed strategy pub-

lished by the WHO European region in 1986, the report for Israel states, inter alia, that, "In the medical services, there is a growing realization that family and general medical practice at primary health care level must be of a high professional standard in order to attract young physicians and meet rising community expectations," and goes on, "The achievements of Israel's health system have contributed to a rapid improvement in health status for the population in general..."

"However, there is still room for a great deal of improvement not least in strengthening the image of primary health care at community level as against that of sophisticated care; the newly-established specialty of primary family community medicine [sic] will be considerable help in this regard."

Since these reports were prepared by each member state itself, this one must have emanated from our own Ministry of Health. It is therefore to be hoped that Professor Lass, the newly-appointed director of the ministry, will quickly familiarize himself with its stated policy on community care and, in keeping with it, initiate steps to make the future provision of such care a national priority in health service planning towards the year 2000 as laid down by WHO.

However, for such a policy to have any hope of succeeding, as much attention needs to be paid to the quality of community care and the competence of its practitioners as that already lavished for many years on the "sophisticated care" of the hospital sector referred to above.

The author is chairman of the Israel Association of Family Physicians.

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Illusion and reality

A HIGH SENSE of reality has been the distinguishing mark of the mainstream in modern Zionism since its very inception. The same can hardly be said for the Palestinian national movement. Which in no small measure accounts for the fact that there is a Jewish state today, but not a Palestinian state.

Unfortunately, the prolonged occupation of Judea, Samaria and Gaza has caused some Israelis, too, to be infected with the Palestinian failure of wishful thinking.

Nothing, perhaps, better illustrates the pathetic illusionism to which many if not most Palestinians in the territories remain addicted than the assumption that somehow riots and demonstrations will end Israel's occupation.

Israel's duty as well as its right as an occupier to disabuse the Arab people of Gaza of any such misconception, and to maintain maximum feasible peace and quiet in the area, pending a final settlement, should be obvious. But equally obvious should be Israel's duty, as an occupier, to give evidence that it appreciates the home-grown sense of despair which gives rise to such hallucinations among the more than 600,000 humans packed into the Gaza district and to at least try to cure it with a dose of some genuine hope.

But what is the hope that Israel's premier offers Gazans? While vowing to remain unmoved by their violence, Yitzhak Shamir promises them a future that will be forever bound by and to Eretz Yisrael. In other words, autonomy or no autonomy, Gaza, like Judea and Samaria, will always be subject to Israel's rule. Yet Gazans, like the Arab residents of Judea and Samaria, will never be allowed to become citizens of Israel, so that their numbers will not threaten the state's Jewishness.

If they do not like it, well, then, Mr. Shamir implies, tough luck. That, according to the illusions of the prime minister, settles the matter.

Human rights, and wrongs

THE OUTRIGHT DENIAL of basic human rights is today out of fashion. But some countries around the world have found a way of denying any genuine obligation to observe these rights even while asserting their binding supremacy. A Bill of Rights or its equivalent is put on the law books, but is made subject to "exceptions" that make a hash of the very idea of human rights. It will be a sorry day if, or when, Israel is made to join the ranks of these benighted countries.

That may happen soon, if a certain party alliance has its way with the Basic Law: Human Rights - in effect, a Bill of Rights - which is now under consideration by the Knesset Law Committee.

The bill proposes to enact into law the promise, made in the Declaration of Independence, of the complete equality of all, regardless of religion, peoplehood, race and sex. The Orthodox lobby has taken umbrage at a provision securing freedom of religious worship, but that could nevertheless pass.

An alliance of the Likud, Tehiya and the religious parties, however, would qualify the constitutionally-entrenched ban on discrimination by providing that "any legislation deriving from the fact that the State of Israel is a Jewish state shall not constitute discrimination," and by further stipulating that the Basic Law "shall not detract from the validity of laws which were in effect prior to its enactment."

Opposition by the Alignment to the definition of Israel, for the purpose of the bill, as "a Jewish state," which the religious strongly favour, has induced some members of the Likud to consider its definition as "the state of the Jewish people." But in the context, this is a distinction without a difference.

Had the idea behind the qualifying clauses been that the Law of Return should be immunized against any charge of discrimination, there would be little ground for protest. But the measure proposed by the right-wing alliance, and apparently assented to by the Alignment, would, under cover of Jewishness, or the Jewish interest, and of past legislation, sanction the rankest kind of discrimination.

THE MORNING AFTER

What a pity that the television and radio strike is over! Had it continued we would have been spared the ugly scenes from the Gaza Strip and the West Bank of Palestinian youth attacking IDF soldiers - sometimes paying with their lives.

Had Israel's broadcasters continued their action we could have watched all this on Jordanian TV and concluded that it was all "Arab propaganda." Ariel Sharon and Yitzhak Mordechai would then not have been impelled to accuse Israel TV of "blowing up" the events.

Who knows? Perhaps without such reports these sad events would not have started in the first place. And perhaps in order to become an integral part of this region we should let the government control the press completely. Guided by the likes of Sharon and Mordechai we could be assured of only good news.

We would then be free of scandals, terrorist outrages, government failures. Even road accidents would no longer occur. Instead of scenes of violence from the territories, TV viewers would be treated to smiling officials coming and going at Ben-Gurion airport and cheerful reports on the latest achievements of our leaders.

In ancient times they killed the messenger. Today it's so much simpler: "guide the message."

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IN AN earlier period, the concept for the "concert of Europe" - the mutual accommodation of the interests of the major European powers to place their shared concerns above their differences promoted an era of remarkable economic and social progress. Inasmuch as they were imperial powers controlling or having influence in vast geographical areas, beneficial results spread also to much of the rest of the world.

That era of progress ended in the suicidal mutual destruction that was World War I. It is safe to say that none of the European regimes involved would have entered that conflict over petty interests, had the outcome - including the destruction of three traditional monarchies - been known in advance.

These recollections provide an interesting perspective in which to see the remarkable current change of policy in the Soviet Union. It would seem that the new policy, which is certainly supported by other and longer-established figures besides Gorbachev, contains three elements.

First, the elimination of unnecessary, brutal features of the system of internal control within the Soviet Union, which also makes the regime less overtly offensive in the eyes of the Western democracies, but without constituting any threat to the regime's continued existence. Second, the mutually-agreed removal of points of major friction with the other super-power. Third - and this has, so far, hardly been noticed - cooperation with the other major powers to solve the murderous conflicts and restrain the horrendous regimes that disfigure so much of the so-called "third world."

The implication of the third element, if implemented to its fullest imaginable extent, would be the establishment of what might be termed a "concert of the world." Like the old concert of Europe, which also involved cooperation between democratic and autocratic regimes, part of the basis for coopera-

IMAGINE you are just about to "go under" before your operation in hospital when the doctor by your side suddenly admits that he is really a gynecologist by training with little knowledge of anesthesiology. However, he explains, since there was no work available for him in the gynecology department that week, he had been put on anesthetic duties instead.

Even if you were already partially drugged you would still probably try and make an immediate bee-line for the nearest hospital exit: likewise if the "obstetrician" about to perform your Caesarean section revealed to you that he was, say, a dermatologist.

These two admittedly extreme examples serve to illustrate the point that medical specialties constitute separate professional areas with usually little overlap of knowledge or skills between them. Doctors-in-training learn to reach a high level of competence in individual specialties in order to be able to supply a high level of care and skill in those particular fields when patients require that type of care.

These specialties have not appeared haphazardly over the years. Rather, they initially developed out of a consensus of opinion within the medical profession itself and then, as in the Israeli context, in conjunction with government which awards official recognition as specialists to those practitioners meeting the required criteria.

Our own Ministry of Health, for example, recognizes more than 30 such specialties which require on average about five or six years of supervised post-graduate study and two sets of searching examinations before such recognition is granted. Naturally the law expects a medical specialist to be more skillful and competent in his chosen field than a doctor who is not a specialist in that field, and it goes without saying that to be considered for a senior position in a hospital department in this

READERS' LETTERS

GOOD FRIENDS OF ISRAEL

The Editor of The Jerusalem Post Sir, - Sadness is deepened by knowledge. We all felt a sense of loss when six members of the IDF were callously killed last week. We share in the sorrow of their close relatives and friends.

Most readers of your issue of November 29 will have read with shock of the brutal murder of the white members of the Olive Tree and New Adams Farms in Zimbababwe. All of the members of St. Paul's Fellowship (meeting in the basement of the church which was fired in the early hours of last Friday morning), mourn the loss of the victims.

All the members of the two communities (they were not missionaries) loved Israel. The mother of the six-week-old baby had a special

love for Israel. She prayed regularly for the peace of Jerusalem and delighted the communities with her singing of Israeli songs, some of these in Hebrew. She was in Israel a year and a half ago. The communities held a regular Shabbat meal each Friday evening. Their thoughts were constantly towards Jerusalem. Their communities were based on Israeli kibbutz methods and principles. Their activities were geared to teaching the villagers around them successful farming methods and to love Israel and the God of this Nation.

As Israel has lost six valuable soldiers, so she has lost 16 very good friends of Israel.

LESLIE H. MOXHAM
Minister,
St. Paul's Fellowship.

Jerusalem.

PAY DIFFERENTIALS

To the Editor of The Jerusalem Post Sir, - There is little likelihood of peace in Israel's labour market as long as the logic-defying pay differentials exist between the various categories of workers whose jobs require similar qualifications and effort. Everyone knows that it is an unfair world we live in, but the limits are reached when social-workers with 20 years of experience bring home the same amount of money as their clients on relief. There are many other categories of workers, often highly qualified academically, whose pay remains miserable because they cannot pressure either the Histadrut or their employers with

sufficiently damaging strike actions. To eliminate much of the morale-sapping disillusionment and the perpetual strikes, would it not be better if we linked our wage system to that of some country or even a basket of countries with a well-developed system of social justice and tranquility in their labour relations. Countries that come to mind are some of the Scandinavians, Western Europeans or New Zealand. Thus the differentials in pay between doctors, nurses, plumbers, engineers, dustmen, etc., could be fixed and regularly adjusted by a neutral watchdog committee.

SOLLY MELZER
Ramat Hasharon.

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